File No. 9-

Serial Nos. 1-2

1912-13

(Banking)

1-5, B Feb 7 1919
-9, B Sept 1919
-2, 15-7, B October 1919
2-22
1921-22

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 1-2

Part B for March, 1913

SUBJECT.

Bank of Mysore.

1. Proposal: Forwards for consideration & orders the resolution of the Conference about the establishment of a State aided Bank in Mysore.

2. H.O. order: Sanctions the formation of a State aided Bank to be called the Bank of Mysore with its Head Quarters at Bangalore & also grants certain concessions when it commences Working.

GPB—10,000—23-8-15

S. P. Shivappa
27/8/1915.

109

1

No. C. 31
12. 8. 12.

G.R.S. 11] 1912-13

GENERAL AND REVENUE SECRETARIAT.

(Banking

NOTES.

File No. 9 r 6 1912-1

FILE HEADING.

Bank of Mysore

From

The Provisional Secretary, Mysore Economic Conference

No. 33/E 6 Dated 18.7.1912 Received 20.7.1912

Diary No. 364	Enclos. 1	Spare Copies.	Serial No. 1

BRIEF ABSTRACT OF LETTER.

Serial No 1 Forwards for consideration & orders the resolution of the Economic Conference about the establishment of a State aided Bank in Mysore

NOTES AND ORDERS.

Banking file 9 of 1909 on the question of the establishment of Hobli Savings Banks is put up. Submitted for orders. There certainly no doubt

Financial Assistant Secretary's note

Notes—First Sheet.

GPB—30,000—12-9-11

2

Serial No.

That a Bank is needed very badly and will be of immense use in benefitting industry & commerce in the State.

2 The justification for the Government to place its money (i.e. the ryots' money) with the Bank and give it aid in other ways, ~~is the~~ lies in the expectation that the operations of the Bank will advance the material welfare of the Mysore public. Where the operations of the Bank are directed only for the benefit of the shareholders, the reason for granting state aid disappears. In order to see that the Bank does not operate in directions which though ~~beneficial~~ profitable to the shareholders & proprietors are not in the interests of the Mysore public, there must be some members in the directorate, nominated by Government. ~~It~~ It is assumed in the printed (para 4 item 4) note that the formal audit at the end of the year is sufficient to safeguard the interests of the State. ~~But as has been pointed out above~~, this is not enough, and as pointed out above there must be a provision for the ryot being represented in the directorate ~~and~~ for watching the operations at every stage. Para 3 of subject 4 in the printed note

NOTE—Contn. sheet.

2 3

[G. R. S. 12]

General and Revenue Secretariat.

15 File No. 9 of 1912

Serial No.

must therefore be altered.

3 Government 2. It is also necessary that either the first directors or ~~the Government as the report of the first directors~~ on their report the Government, must have the power to veto an operation which in their opinion is not to the benefit of the Mysore public and in case the Bank is not agreeable to it, to withdraw the Government aid altogether.

4 3. The above two conditions are necessary as, at times, the interest of the ~~S~~ Shareholders of the & proprietors of the Bank (which is only to make as much of profit as possible) will clash with the interest of the Mysore public and of such cases the Bank wants to have its own way. The Government Grant is not justified in giving it aid at the expense of the general tax payer.

5 4. Among the concessions required to be shown by first, there are some which ~~are~~ require some notice.

i) "Grant shall pay half the ~~co~~ working expenses for the first five years." This ~~is~~ There is no reason why this Concession should be shown when the Bank is able to ~~register~~ make a profit

NOTE—Contn. sheet.

G. R. S. 12]

General and Revenue Secretariat. | B File No. 9 of 1912

Serial No.

After meeting the whole of the working expenses (~~of the~~). It would be better if ~~to~~ this ~~limitation is further~~ Concession is further limited only to ~~those~~ such years (~~within~~ the first five) when the gross earnings of the bank are less than the expenditure. To give the concession ~~to~~ in years when the Bank derives a profit, will result in ~~the profits to~~ those ~~Shareholders~~ people connected with the Bank receiving a subsidy at the hands of the poor tax payer, even though the Bank is able to stand on its own legs.

6 ~~In the~~ In the penultimate para of No 8 on page 5 of the printed note, it is stated that 'Government may save some money by the abolition of some 'part of the Treasury Establishment' in places where the ~~Govt~~ Government revenue is paid into ~~Govt~~ Government charges paid out of the Branch Banks. It has to be stated that the Treasury not only receives or pays Cash but also Classifies the items and prepares Consolidated accounts, ~~for~~ for submission to the Comptroller

NOTE—Contn. sheet.

GPB—65,000—17-9-12.

5

5

~. R. S. 12]

General and Revenue Secretariat.

B File No. 9 of 1912

Serial No.

The Bank cannot naturally undertake this latter work; so that the only possible reduction in establishment is of the Sheriffs & Collectors' engaged in directly handling the cash & in District Treasuries, of the treasurer. This reduction, as it refers only to a portion of the Treasury establishment, ~~does not affect it~~ can result in only a small saving.

Regarding the supply of funds without charge there are two concessions asked (i) Supply of funds within my own territory (ii) Where there is no railway.

It is not quite clear ~~what~~ if (ii) is not included in (i). Perhaps what is meant by (ii) is that for escorting a remittance from one place to another place, ~~the~~ the first need not supply a guard if the two places are connected by railway but in other cases, should make such a supply. Unlike other concessions, this is asked for permanently.

It is a matter for consideration if the pay of those relating to these guards should not

NOTE—Contn. sheet.

5 6

GPB—65,000—17-5-12.

6

T. R. S. 12]

General and Revenue Secretariat.

B File No. 9 of 1912

Serial No.

be received from the Bank ~~under the~~ ~~rate~~ in the same way as the pay of Policemen supplied to private persons — if not from the very beginning, at any rate after the expiry of five or ten years. If the Bank works satisfactorily and derives good profit, there is no reason/justification to show ~~make~~ Fisa it perpetual concessions.

~~In the first para of item 8, it is~~

~~Strike out the words~~

Asst. Financial Secretary)

S.S
2-8-12.

9/9 Please see typed note below.

M (J.S.C)
9/8/12

Financial Secretary
Continue here the note on the next page —

NOTE—Contn. sheet.

GPB—65,000—17-5-12.

G. R. S. 12]

General and Revenue Secretariat. | 13 File No. 9 of 1912

Serial No.

I was given several opportunities of discussing the terms embodied in the Memorandum with the members of the Special Committee and of making suggestions. Many of my suggestions e.g. that contained in the opening paragraph of the Memorandum were kindly accepted by the members and they have been incorporated in the Memorandum.. It is therefore necessary for me to notice only such points in respect of which I was not so fortunate as to secure the concurrence of the majority of the members.

2. One such point is the desirability of having a Government Director on the Board. I think it necessary that there should be some one on the Board who should be in a position to constantly watch the operations of the Bank on behalf of Government. The Government Director must have access to all papers and records in connection with the Bank.

3. Another point is that the Government Director (or the Government on his report) must have the power to veto; or Government must have power to withdraw the concessions if they think that things are not being done in a way which would justify Government concessions. To bind down Government to give large concessions without their having the power to make things go in the correct way or to withdraw, is not fair.

NOTE—Contn. sheet.

78 The

GPB—65,000—17-6-12.

G. R. S. 12]

General and Revenue Secretariat. | B File No. 9 of 1912

Serial No.

The fact that the appointment of Chairmen should be approved by Government and that there should be an annual Government audit, are not, in my opinion, sufficient safeguards in this respect.

There must be some one continually watching the operations of the Bank with a view to see that the working of the Bank justifies the Government concessions. If the Government think that the Bank is working in such a way that Government concession is not justified, they should have the power of either forcing the Bank to correct its method of working or to withdraw their support.

4. The concessions from Government include: (a) deposit for 15 years of a minimum balance of Rs.5 lakhs without interest and another Rs.5 lakhs at a reasonable rate of interest;

(b) half the working expenses of the Bank for the first 5 years;

(c) permission to do Treasury work;

(d) entrusting securities &c. and to draw interest;

(e) free Treasury Guards within Mysore Territory;

(f) free escort for Treasury between places not connected by railway;

(g) Custody of District Boards' and Municipal balances.

As regards (a) the period of 15 years seems too long and I would reduce it to 10 years.

As regards Treasury work, our Departmental

NOTE—Contn. sheet.

8 9

GPB—65,000—17-8-12.

G. R. S. 12]
neral and Revenue
Secretariat.

B File No. 9 of 19/2

Serial No.

Departmental accounts and Treasury accounts work together in the ~~offices~~ initial stage in our Taluk Treasuries in such a way as to render the direct payment of Government revenues into the Bank exceedingly difficult: e.g. to arrange for patels paying revenue direct into the Bank would be rather ~~difficult~~ troublesome. But leaving the Taluk Treasuries alone it may be possible to hand over to the Bank the cash transactions which take place at our District Treasuries. This will secure to the Bank practically all advantages without corresponding trouble.

As regards District Boards and Municipal balances, these practically form part of the Government cash balance and out of this cash balance Rs.5 lakhs will be kept in the Bank. I do not consider it necessary to separate Municipal and District Board balances from the general cash balance and place the amounts in the ~~joint~~ Bank's custody.

As regards custody of securities &c., it should be distindfly understood that securities at present lodged in other Banks cannot be withdrawn and placed with the proposed Bank for this ~~xxx~~ will involve the payment of a heavy withdrawal fee. If securities hereafter purchased are to be deposited in a Bank, the proposed Bank may be given preference as suggested.

As regards Guards and Escorts, they may be supplied for a period of 5 years ~~so in the case~~ of establishment

i.e. during the period for which Govt pays a part of Guards and Escorts

NOTE— Contn. sheet.

GPB—50,000—12-8-10

109

G.R.S. 12]
General and Revenue Secretariat.

B File No. 9 of 1912

Serial No.

establishment charges. But after that a reasonable charge should be made.

5. Subject to modifications on the lines suggested above, the concessions asked for may be promised. It will be noticed that the concessions thus granted will be very substantial. In my opinion, this scheme deserves favourable consideration at the hands of Government, and subject to suitable safeguards as suggested above such concessions are justified.

J. Chakravarti
J. S. Chakravarti 9.8.12

9th August 1912.

27/48 9.8.12

Dewan

Dewan's Note:-

Circulated to Councillors for favour of a very early expression of opinion.

2. It is now unnecessary to discuss and endeavour to prove the desirability of a Bank. Of its necessity and desirability, there is conviction all round.

3. The Special Committee's Note dated 12th May 1912 has had the advantage of being prepared after consultation with experts like Messrs. Chakravarti, E.R. Subroyer and A. Rangaswami Iyengar.

4. Now, as regards the Financial Secretary's

Note—Contn. sheet.

GPB—50,00 - 12-8-10

G. R. S. 12]

General and Revenue Secretariat.

Banks File No. 9 of 1912

Serial No.

opinion, I venture to state though I do so with considerable respect and diffidence, that para 2 where the desirability of having a Government Director on the Board is urged strikes at the root of one of the most essential conditions of a successful and beneficial working of the Bank. A Government Director by virtue of his official character will be very rigid and unsympathetic and would be a clog on the smooth working of the Bank. It seems to me that in para 1 of the Special Committee's report very suitable precautions have been prescribed. If necessary, let them be added to. But some one continually watching the operations of the Bank with a view to see that the working of the Bank justifies the Government concessions would be very irksome and almost intolerable. It is well to appoint a strong and reliable Board and to trust it and to judge it by results. It should be sufficient if the Chairman of the Board be approved by Government. If absolutely necessary, let him be even appointed by Government, but interference of Government should stop there. There will be a Government audit once a year, which will place Government in full possession of the methods and results of the Bank's work. This should be sufficient. If absolutely necessary, make it even a ~~biennial~~ half yearly audit.

5. Financial Secretary's para 4 - I don't think that the Mysore Bank would object to a period of 15 years being reduced to 10 years, nor that the objections raised in ~~re~~ regard to payment of Government revenues

NOTE—Contn. sheet.

G I L—65,000—17-6-12.

11 12

12

(12

(G. R. S. 12)

General and Revenue Secretariat. Banking File No. 9 of 1912

Serial No.

revenues into the Bank insuperable.

6. The other matters are of minor importance in regard to which an agreement can be easily reached by personal discussion.

T.A.R

Council

(C 31) # circulated to Council.

23 K.R.S. 12/8/12

(T) Ref. Please see note attached.

21/8/12

Omit this and Continue the note on the next page as "First Members Minute."

NOTE—Contn. sheet.

GPB—50,000—12-8-10

12 13

G. R. S. 12]

General and Revenue Secretariat.

B File No. 9 of 191 7

Serial No.

Banks of various sorts have been started in various places in the State on a small scale. Many of them have collapsed after a while, but several have been doing good business within their narrow scope. I believe the business of these banks ~~have~~ has Chiefly consisted of advancing loans generally of small amounts, on promissory notes due within three months, and on bonds stipulating payment by instalments. The borrowers are generally men in need of money for some personal expenditure, rarely meant to be reproductive. The interest charged is high ranging between 12 and 30 per cent. The bank now projected is not meant and will not be able to supersede ~~by~~ such banks; and it cannot serve their clientele in any appreciable degree, as they will not as a rule be, per-

NOTE--Contn. sheet.

GPIs—20,000—20 1-12

G. R. S. 12]

General and Revenue Secretariat. | B File No. 9 of 1912

Serial No.

sons possessed of the requisite kind of credit. In fact these banks (that now exist) are merely associations of ~~lenders~~ users of ~~lenders~~.

2. The most important function of a bank in the accepted sense is, to create facilities for persons engaged in trade and industries, who deserve credit but are not possessed of ready capital, obtaining as much money as they can usefully employ for reproductive purposes, on easy terms. To what extent a demand exists for such accommodation is so far as I can see at present a mere matter of conjecture. I can see no strong signs of it at present. When ~~trade and~~ industries have reached a certain stage, no doubt the creation of banking facilities,

NOTE—Contn. sheet.

14 15

GPB—20,000—20-1-12

G. R. S. 12]

General and Revenue Secretariat. | B File No. 9 of 1912

Serial No.

~~That a bank conducted on~~ will greatly stimulate ~~such~~ further progress, and want of them will similarly greatly retard it. But when they are absent or almost absent, it is very doubtful — to me it is certain — that mere banking facilities cannot help to create or appreciably help any industries.

3. We have a great deal of trade and in the larger places, I think that many of our traders have lost the habits of punctuality in meeting obligations which are so essential in banking transactions. I think that a bank of the kind proposed will be of great use to them, and will no doubt find a large volume of business to transact. But

NOTE.—Contn. sheet.

15 16

GPB—20,000—20-1-12

5 16 10

G. R. S. 12]

General and Revenue Secretariat.

B File No. 9 of 1912

Serial No.

whether it will be as large as is apparently expected in the note of the Committee is not quite certain. The success of the Bank of Baroda on which model the proposal is based, has certainly been very encouraging. My information is that much — in fact, the bulk of its business, is found outside the State, in the neighbouring manufacturing and trade centres of Bombay and Ahmedabad; and that the effect of the bank on the trade activities within the State itself is insignificant. It is possible I may be misinformed, but the matter can be decided only by a detailed examination of the kind of business on which the bank's capital is chiefly employed. It must be

NOTE—Contn. sheet

GPB—20,000—20-1-12

6 17 17

G. R. S. 12]

General and Revenue Secretariat. | B File No. 9 of 1912

Serial No.

remembered that we have no such ~~activity~~ advantageous markets in our neighbourhood. So far ~~the~~ as the States themselves are concerned, I am sure that we should have as much success here as in Baroda, if not much more.

4. Agriculture is almost the only industry of importance in the State, but the bank is not likely to render much help directly to it. So whatever may be its contribution towards the starting or growth of industries - in my opinion it will be insignificant at present - there is little doubt that a well conducted bank will be a great help to the trade of the larger places, and will in ~~it~~ itself be a profitable Concern to its shareholders. It deserves on this account a reasonable amount of support from Government

17 16

NOTE--Contn. sheet.

GPB—20,000—20-1-12

7

18 18

G. R. S. 12]

General and Revenue Secretariat.

B File No. 9 of 1912

Serial No.

The foregoing remarks are meant to help me in deciding what is the reasonable amount of help that government may render to such a project.

5. The concessions asked for are noted in paragraph 4 of the ~~Secy~~ H Secretary's note. On items marked C to F, I agree with him in the remarks he has made. The extent to which treasury work may be entrusted to the bank even in District Head Quarters may be decided upon when the bank has been working for sometime and submits definite proposals in each case. If this arrangement should mean merely the discharging of a small portion of our treasury establishment and giving the bank an opportunity to keep up some more establishment and make some little gain, without any

NOTE--Contn. sheet.

18 19

GPB—20,000—20-1-12

6 17 17

G. R. S. 12]

General and Revenue Secretariat. | B File No. 9 of 1912

Serial No.

remembered that we have no such ~~activity~~ advantageous markets in our neighbourhood. So far ~~th~~ as the states themselves are concerned, I am sure that we should have as much success here as in Baroda, if not much more.

4. Agriculture is almost the only industry of importance in the State, but the bank is not likely to render much help directly to it. So whatever may be its contribution towards the starting or growth of industries - in my opinion it will be insignificant at present - there is little doubt that a well conducted bank will be a great help to the trade of the larger places, and will in ~~it~~ itself be a profitable Concern to its shareholders. It deserves on this account a reasonable amount of support from Government

17 16

NOTE- -Contn. sheet.

GPB—20,000—20-1-12

8

19 19

G. R. S. 12]

General and Revenue Secretariat. | B File No. 9 of 1912

Serial No.

additional advantage to the Public, I am doubtful of the expediency of adopting this course.

6. A deposit of 5 lakhs without interest is asked for. Calculating interest at 4 Per cent this would be equal to a grant of 3 lakhs of rupees for the period of 15 years. The half working expenses ~~would~~ &c etc may be estimated at about 15000 Rs a year or 75000 for the five years. It seem to me that this concession is much more than the object deserves. A bank which is primarily meant to help shareholders (who are generally persons in comfortable circumstances) to make profits, should not be helped to an undue extent out of public funds. ~~They~~ It

1907

NOTE--Contn. sheet

GPB—20,000—20-1-12

10 20 20

G. R. S. 12]

General and Revenue Secretariat. | B File No. 9 of 1912

Serial No.

ought to be so managed as to win dividends on its capital by a prudent management of its business. The reasonable extent to which it may expect help and countenance from the State would seem to be that in its infancy, it should be able to keep a safe reserve in its coffers. For a bank of the kind proposed, a quarter of its paid up capital would I think, be a sufficient reserve to be kept readily available. As this would not make any interest, I think that a sum equal to 25 p.c. of the paid up capital, not exceeding 2½ lakhs may be kept as a deposit without interest by government. This is the sum

20

NOTE--Contn. sheet.

GPB—20,000—20-1-12

G. R. S. 12]

General and Revenue Secretariat. | B File No. 9 of 191 2

Serial No.

which the Baroda Govern-
ment has so deposited in
the new bank there any
additional deposit given
(which should not exceed
~~the~~ 75 P.C. of the paid up Capital)
should bear interest at 3½
or 4 P.C. at least

7. I think that half the
working expenses may be
borne by Govt for 5 years,
subject to the conditions pro-
posed. One of the additional
conditions should be that
Govt should be given the
power to call for any in-
formation and to give any
advice about the affairs
of the bank which should
be accepted by its Ma-
nagement

8. I think it unneces-

NOTE--Contn. sheet.

~~10 11~~ 21 22

G. R. S. 12]

General and Revenue Secretariat. | B File No. 9 of 191~

Serial No.

by and inexpedient to impose any further restrictions.

As a condition of giving State aid, I think we may fairly impose the condition that at least half the capital if not more, should be subscribed for within the State. In the beginning a State audit may be prescribed once in six months.

9. As for the directorate, I think that the matter of selection should be left to the shareholders according to the usual practice. The only qualification necessary would be that the first set of directors should be appointed with the approval of Government. Of course, provisions about the qualifications of directors (such as the amount of shares taken etc.) should

NOTE—Contn. sheet.

22

GPB—20,000—23-1-12

12 25 29

G. R. S. 12]

General and Revenue Secretariat. | B File No. 9 of 1912

Serial No.

be prescribed in the Articles of association.

10. Subject to these remarks, I cordially support the proposal to extend State patronage to the bank proposed to be started. ~~in the Bank~~

21 Aug 1912. H. Manjunadayya

H. V. Manjunadayya.

Continue here / typed notes on the next ~~20~~ 28 pages 28(a) & 28(b)

NOTE.—Contn. sheet.

23 24

GPB—20,000—20-1-12

G. R. S. 12]
General and Revenue
Secretariat.

B File No. 9 of 191~

Serial No.

~~B.~~ 2nd Connaught

W3 K.R.S.
21/8/1~

~~B~~ ~~H~~
(1) Lam enquiries since if there is a great demand for a bank of this kind. The double-working development & of commercial & industrial activities, there [illegible]

(Vide typed copy of item notes placed below.)

NOTE—Contn. sheet.

G 11—65,000—17-6-12.

HU

NOTE—Contn. sheet.

GPB—50,000—12-8-10

24

Serial No.

the necessity. I have however left the Local Agencies to render local help to both the Bank and to give us as many concessions as are reasonable.

(2) I am not for a Local direction. The Bank affairs and the Local Inspectors should be left entirely to work the directors which by Local the directors should all the ~~present~~ principal gentlemen of whatever means, social standing & Commercial habits in whom the public & Local Govt. can repose full confidence. They must be given a free hand to conduct

NOTE—Contn. sheet.

Serial No.

the Insurance Scheme we will be showing that we are inclined to this head then there is however no objection to the annual amount being sanctioned by Govt; but even this should eventually cease and be left to the directors to manage for it-self.

(3) Govt must be fully accord with the recommendation regarding the concessions asked for from Govt. They are in my opinion more than warranted reasonably do. It has a tendency to check the spirit of self reliance on the

NOTE—Contn. sheet.

hand of the directors.

(4) I would fix a minimum balance of 5 lakhs of rupees which should invest for 5 years to begin with and be raised if necessary afterwards, but would not permit overdrafts by giving an assurance for 15 years but to this he may add 5 lakhs at a reasonable rate of interest which is 1 per cent more than the rate which he would at present receive.

(5) I am strongly opposed to the Shia suggestions. The bank must be prepared to pay all the working expenses such

R. S. 12]

General and Revenue Secretariat.

B File No. 9 of 1912

Serial No.

as establishment cost & charges involved in the grading & reserving of reserve the rules can be formulated by Govt. provided the branch keeps fruit under the rules in force.

(6) The chief matters of concession are matters of detail & cannot be accepted before the branch is started. To my mind it seems that the entire ground of the concession asked for is not fair and the scheme is opposed to principle.

D. D.

18/10/12

NOTE—Contn. sheet.

GPB—65,000—17-6-12.

29 29 C7

G. R. S. 12]

General and Revenue Secretariat.

Banking File No. 9 of 1912

Serial No.

15

Dewan

23 K R.S.
18/10/12

16

The subject requires further discussion - To be brought up at a Board meeting

J.A.R. 18 Oct 12

The subject requires further discussion - To be brought up at a Board meeting :

C-Cash (Comcal Section)

Note for meeting

23 K R.S.
19/10/12

Continue in D.O on the same file.

" D.O Letter No 437 dated 16-8 from the Chairman of the Industrial & Commercial Committee in Economic Conference with Dewan

NOTE—Contn. sheet.

29 31

GDB—20,000—20-1-13

D.O.437

Fr 842 SD

MYSORE ECONOMIC CONFERENCE, 61

INDUSTRIES AND COMMERCE COMMITTEE.
"RINGWOOD,"

URGENT.

Bangalore 16th August *1912.*

My Dear Sir,

I enclose herewith a note submitted by the Secretary, Industries and Commerce Committee, Mr. C. Ranganatha Rao Saheb, about eligible names for a Bank Directorate. The most suitable names suggested are the following:--

1. Mr. K.P.Puttanna Chetty,
2. " A. Rangaswamy Iyengar,
3. " E.R. Subroyer,
4. " Mandi Hariyanna,
5. " L. Srinivasa Iyengar,
6. " D. Appu Rao,
7. " S. Narayana Rao,
8. " Ahmed Sait, or a representative of the Mahomedan Community,
9. " J.W.Chambers or Mr. S. Lawrence, Bar-at-law, or any other European gentleman who has property in Bangalore,
10. " P. Chinnaswamy Chetty,

30

11. Mr. Sundaramurthi Mudaliyar (Director, Bangalore Bank)

12. " M. Chegiah Chetty,

8 men may kindly be selected out of this list.

People seem to be very keen on the scheme; this is the season when money could be collected, and everything seems to be ready for action. If Government are pleased to take up the question, there are two or three other matters which will require prompt decision.

If you are pleased to promise, as you did in the case of Mr. Chatterton's appointment, to treat all -- questions relating to the scheme as urgent and to pass, or get orders passed, promptly, we can go ahead with the scheme.

We are waiting for orders regarding the concessions required

61

51

required for which an application is now before you.

Yours sincerely,

M. Rivaranayar

T. Ananda Rao, Esq., B.A., C.I.E.,

Dewan of Mysore,

Bangalore.

Pl. see this D.O printed under the heading "Enclosure to the above D.O", in typed note on page 33

32 — 33

5 2

62

Accompaniment to D.O. letter no: 437
dated 16th Aug. 1912 from the
Chairman D of C Committee to
the address of the Deputy Inspector
of Resident Elem. Engineers

I regret the loss left behind by an error of
11 412 W 364

53 63

The Mysore Economic Conference.
Industries & Commerce Committee.
Bangalore, 15th August 1912.

Note Appendix
for a good
summary

As desired by the Chairman, Mr. Sambasiva Iyer and myself called on the following gentlemen on Sunday the 11th instant and requested them to -- let us know if they had any objections to Committee sending up their names - to Government, among those recommended for being appointed as Directors of - the State-aided Bank. They were all informed that the initial qualification for being on the Directorate was a subscription for 50 shares of Rs. - 100 each, half of which had to be -- paid up. They were also requested to suggest the names of other gentlemen who they thought were qualified for - the post:--

Mr. K.P. Puttanna Chetty - had no objection to his name being sent up to Government among those recommended for selection. He suggested that Mr. S. Narayana Rao, retired Government Advocate may be requested to become a - Director. It was his belief that a Lawyer was necessary on the - directorate. Mr.L. Srinivasa - Iyengar would do admirably but he did not know if this gentleman could

33

35

could afford to devote the time necessary to the affairs of the Bank, as he was still practising at the bar. - He also suggested that both Adeppa & Hariyanna be requested to serve as - Directors. Mr. Adeppa would command the confidence of the older merchants and Mr. Hariyanna that of the younger generation. He suggested that Mr. Abdul Quddus of Chennapatna and Mr. Chambers of the Binny Mills may be -- appointed as the Mahommedan and European representative on the directorate. He also was of opinion that Mr. D.Appu Rao as well as Mr. Chengiah Chetty may also be recommended.

2. Mr. D. Appu Rao said that he -- would consider and inform by letter -- whether he had no objection to his name being sent up.

He said that Messrs. (1) A. Rangaswamy Iyengar, (2) K.P. Puttanna Chetty (3) Adeppa, (4) Hariyanna, (5) Chengiah Chetty, (6) Mohomed Razvi, (7) Abdul - Quddus and (8) M. Narayana Rao would all be desirable acquisitions to the Directorate.

Mr. Appu Rao has this day (12th instant) written to Mr. Sambasiva Iyer to the effect that he had no objection to his name being sent up to Government.

3. Mr. M. Narayana Rao, Retired Deputy Commissioner of Shimoga has no

34 36

objection to his name being sent up to Government.

4. Mr. Mandi Hariyanna is also willing to have his name being sent up to Government. He suggests that

(1) Adeppa,
(2) Pollipalli Chinnaswamy Chetty,
(3) Sivappa of Cottonpet,
(4) Ramachandra Rao Scindia, and
(5) Pakdin Haji Badsha Liya Saheb.

may be appointed directors. The latter does considerable business in -- hides. He has a great deal of influence with [illegible] labbies. His head office is in Cantonment. He has been - doing business for over 30 years. He also said that (6) Sajjan Rao may be appointed director. ✓

5. Mr. Adeppa was quite willing to his name being sent up. If the disqualification of not knowing English was not an insuperable objection, he was willing to serve on the directorate. The names of other gentlemen suggested by him are:-

(1) Mr. Chinnaswamy Chetty,
(2) Mr. Venkatamuniyappa,
(3) Mr. Hariyanna,
(4) Mr. Sivappa,
(5) Mr. Pakdin Hajee Badsha Miya Saheb.

6. Mr. B. Chinnaswamy Chetty is agreeable to his name being proposed. The names of other gentlemen suggested by

by him are:--

(1) Mr. Papanna,
(2) " B.K. Mariyappa,
(3) " Veerabhadrappa,
(4) " M. Khendappa (Money lender),
(5) " Kabbadi Venkoosa (Silk Merchant).
(6) " Miriyalu Veerabhadrayya (Silk Merchant).

7. Mr. S. Narayin Rao, Retired Government Advocate has no objection to his name being proposed. He suggested the names of the following gentlemen as desirable additions:--

Messrs. (1) Doddanna,
(2) C.B.Seshagiri Rao,
(3) Mr. Lawrence, Bar-at-law.

8. Mr. E.R. Subroyer agreed to his name being sent up. He suggested that in selecting the directors the names of such men as would bring business to the bank should be kept in view. He believed that Mr.Arcot Srinivasachar would be quite an acquisition on this score. Although he lived only six months in the year in Bangalore, yet that period was quite enough to enable him to bring plenty of business to the bank. In case Arcot Srinivasachar could not be got, Mr. L. Srinivasaienga might be secured. He was also one that was likely to bring plenty of business to the bank.

9. Mr. AnnaswamyMudaliyar,C.I.E., begged to be excused on account of old age and failing health from being nominated as director. Moreover he was a

36 35

President of the Bangalore Bank. He recommended that Messrs. (1) Sundaramurthi Mudaliyar and (2) Hajee Ismail Sait may be nominated. The former is already on the directorate of the Bangalore Bank.

10. Mr. L. Srinivasa Iyengar whom I saw this day (13th instant) agreed to serve on the directorate if appointed. he believed that excepting Mandi Hariyanna none of the merchants were reall necessary being ignorant of English. There was no necessity of any apprehension about the Bank not being able to get adequate business. If other representatives among merchants were -- considered necessary, Mr. Ramachandra Scindia might be nominated. He suggested that Mr. Abbas Khan may be nominated to represent the Mahommedan community. He was educated, had considerable influence with his co-religionists and was also a business man Mr. Srinivasaiyengar desired to have some more information about the Baroda Bank with a copy of its last annual report.

11. Mr. A. Rangaswamy Iyengar whom I saw on the 14th instant had no objection to his name being sent up to Government.

In this selection of directors for the bank, he thought it important to keep in view that there were represent-

37

representatives of all classes on the Board. He did not think it necessary that ignorance of English should be treated as a disqualification. He would recommend the names of Landi Hariyanna and Polipalli Chinnaswamy Chetty as representing the mercantile classes of Bangalore. If residence in Bangalore was not a necessary qualification, he would recommend Yakub Saheb of Chennapatna to represent the Mahomedan community. But he himself thought that it was better to choose all the directors from Bangalore. In that case, he would choose the owner of the Ahmed Buildings, Ahmed Sait, a relation of Mr Hajee Ismail Sait as a Mahomedan representative. He thought it was not absolutely necessary to have a European on the Board. Mr. Chambers had no property here and he had no local interest There was no other European. He though it was advisable to have a representative of the Vokkaligar community on the Board. In this connection, he would suggest the name of Mandi Hariyanna, one of the large donors to the Vokkaligara Sangha. He thought either Mr. L. Srinivasa Iyengar or Mr. S.Narain Rao might be on the board. Both were not

not necessary. Mr. L. Srinivasa - Iyengar was a pleasanter man to work with but Mr. S. Narayana Rao may bring larger deposits to the bank. He could not recommend Mr. M. Narayana Rao. He was apt to consult his own convenience too much. He thought Mr. D. Appu Rao was too aged. The Co-Operative Bank was giving him more work than he coul manage. He has nothing to say agains the other names, i.e., that of Mr. Puttanna Chetty and that of Mr. E. R. Subroyer. He thought that as Mr. - Arcot Srinivasachar was not living in Bangalore, he was not suitable.

Ramgan ahia Rao sah

S e c r e t a r y.

394

60

APPENDIX.

Names of gentlemen interviewed.	Names of persons recommended.
-- Mr. K.P. Puttanna Chetty	(1) Mr. S. Narayana Rao, (2) " L. Srinivasa Iyengar, (3) " A d e p p a, (4) " M. Hariyanna. (5) " Abdul Quddus, (6) " J.W. Chambers, (7) " D. Appu Rao (8) " M. Chengiah Chetty.
2. Mr. D. A p p u R a o.	(1) Mr. A. Rangaswamy Iyengar, (2) " K.P. Puttanna Chetty, (3) " A d e p p a, (4) " M. Hariyanna, (5) " M. Chengiah Chetty, (6) " Mahomed Razvi, (7) " Abdul Quddus, (8) " M. Narayana Rao.
3. Mr. M. Narayana Rao	No names suggested.
4. Mr. M. Hariyanna	(1) Mr. A d e p p a, (2) " P.Chinnaswamy Chetty, (3) " Sivappa of Cottonpet, (4) " Ramachandra Rao Scindia, (5) " Pakdin Haji Badsha Miyasaheb (6) " Sajjan Rao.
5. Mr. Ad e p p a.	(1) Mr. P.Chinnaswamy Chetty, (2) " Venkatamuniyappa, (3) " Hariyanna, (4) " Sivappa, (5) " Pakdin Haji Badsha Miyasaheb.
6. Mr. B. Chinnaswamy Chetty	(1) Mr. Papanna, (2) " B.K. Mariyappa, (3) " Veerabhadrappa, (4) " M.Kendappa (Money Lender), (5) " Kabbadi Venkatosa (Silk Merchant) (6) " Miriyalu Veerabhadrappa.
Mr. S. Narain Rao	(1) Mr. Doddanna,
Mr. E.R. Suby	
9. Mr. B.P. (Begged t of old	
10. Mr.	

40

APPENDIX.

Names of gentlemen interviewed.	Names of persons recommended.
Mr. K.P. Puttanna Chetty	(1) Mr. S. Narayana Rao, (2) " L. Srinivasa Iyengar, (3) " A d e p p a, (4) " M. Hariyanna. (5) " Abdul Quddus, (6) " J.W. Chambers, (7) " D. Appu Rao (8) " M. Chengiah Chetty.
2. Mr. D. A p p u R a o.	(1) Mr. A. Rangaswamy Iyengar, (2) " K.P. Puttanna Chetty, (3) " A d e p p a, (4) " M. Hariyanna, (5) " M. Chengiah Chetty, (6) " Mahomed Razvi, (7) " Abdul Quddus, (8) " M. Narayana Rao.
3. Mr. M. Narayana Rao	No names suggested.
4. Mr. M. Hariyanna	(1) Mr. A d e p p a, (2) " P.Chinnaswamy Chetty, (3) " Sivappa of Cottonpet, (4) " Ramachandra Rao Scindia, (5) " Pakdin Haji Badsha Miya Saheb (6) " Sajjan Rao.
Mr.Ad e p.p a.	(1) Mr. P.Chinnaswamy Chetty, (2) " Venkatamuniyappa, (3) " Hariyanna, (4) " Sivappa, (5) " Pakdin Haji Badsha Miyasahib.
6. Mr. B. Chinnaswamy Chetty	(1) Mr. Papanna, (2) " B.K. Mariyappa, (3) " Veerabhadrappa, (4) " M.Kendappa (Money Lender), (5) " Kabbadi Venkatesa (Silk Merchant) (6) " Miriyalu Veerabhadrappa,
Mr. S. Narain Rao	(1) Mr. Doddanna,
Mr. E.R. Sub	
9. Mr. B.P. (Begged t of old	
10. Mr.	

G. R. S. 12]
-General Revenue
Secretariat.

49

File No. of 1917-3

CONFIDENTIAL.

Serial No. L 5 10

Subject No. 21.
20.8.12 Cy

Memo 437 & dated 19th from Chairman of Committee of Industries & Commerce Advert Directors for the proposed State Bank —

Please circulate to Councillors with the Main file about Bank Constitution —

To Secretary Treasy J. A. R. Hills 17 Aug 12

Circulated to Councillors. The main file has already been sent in circulation.

22 VIII R.S.
20/8/12

1st 2nd Councillor

Please see note attached.
dated 21.8.12
A. V. W. Thomson
21/8/12

This seems to be a matter for consideration of the Shareholders. We can neither select nor interfere with the resolution which the Shareholders may

This seems to be a matter for consideration of the Shareholders. We can neither select nor interfere with the resolution which the Shareholders may make

15

NOTE—Contn. sheet.

GPB—50,000—12-8-10

Ad Fy. Mrs. Councillors Nos 2 &
15 Sept 12

69 Beaumont. 79

Beaumont Rd
Bangalore
13th Jan. 1913

D.O. Letter dated 13.1.1913 from
the Second Councillor to the Durbar.

(Vide typed
Copy [illegible]
Dewan Mr. Rangacharya, C.S.I.)

I return herewith, with thanks, the
accompanying file relating to the formation
of a Joint-stock Bank. I have read the
file & have no suggestions to offer.
I however think that with reference
to para 2 of the enclosure we have been
here generous than Baroda. And I do
not suppose this will be necessary under the
present financial circumstances of the State.
Otherwise the scheme is an all round
H 2

with the Barotse Scheme which appears to be working satisfactorily during the last 3 or 4 years since its establishment.

I don't think we can think of a better man than Mr. Whitehorn to send to the Bank for advice whenever there may be a necessity for the same.

I see that this subject is one of the (1) reserved subjects for discussion at the Central meeting to be held tomorrow afternoon, the notice of which I sent just a couple of hours ago.

I wish sufficient notice of the Central meeting & the Agenda to be placed before it

43

11

1) will be seen in private. I am a stranger to a majority of the subjects coming up for discussion tomorrow.

I should think there should be at least

3) a Board's notice given before we meet so that we can read up the various files before attending the meeting.

Yours sincerely

(Winston S. Churchill)

PS To This Continue the matter on the next page as "Opinion of the Council"

JCH

30 B 9-12

30

Extract from the Proceedings of the 29/1st Meeting of the Council of His Highness the Maharaja, held at Bangalore on the 14th January ~~190~~ 1913.

"Opinion of the Council" Dated the 14th January 1913.

Council Notes

1. Subject. - (Clauses xi & xii of the Schedule):

Subject

Establishment of a State-aided Bank in Mysore.

(OPINION OF THE COUNCIL.)

The Council agrees to the proposals contained in the draft of the Dewan's Submission Note to His Highness, with the following modifications.

i. The First Councillor is of opinion that the minimum balance to be maintained in the Bank without interest may be limited to 25 per cent of the paid up capital and it is not to exceed 2½ lakhs of rupees and that 75 per cent of the paid up capital, not exceeding 7½ lakhs may be deposited in the Bank at a reasonable rate of interest not less than 3%

117

G.P.O. 1000 - 13-5-08

45

The Second Councillor agrees with the Dewan

in thinking that the limits of the amounts to be deposited free of interest and with interest at not less than 3% may be fixed at 5 lakhs each, as proposed in the draft.

ii. With regard to the working expenses, the Council is of opinion that the liability of the Government to pay half the working expenses of the Bank for the first five years, should be restricted to Rs.10,000 a year, unless the special sanction of Government is obtained by the Bank to incur working expenses exceeding Rs.20,000 per annum.

Sd. M. Visvesvaraya,
Dewan of Mysore.

Extract

Communicated to K. R. Srinivasaiyangar
Secretary to Govt.

(Continue here the note on the next page)

46

32 B.9-12 34

Submitted to His Highness.

The office Note in the file contains the opinions of the late Dewan, Mr. T. Ananda Row, the Councillors and the Financial Secretary, on letter No.33 dated 17th July 1912, from the Provisional Secretary to the Economic Conference, submitting for the orders of Government the Resolution of the Birthday Session of the Conference of 1912, regarding the establishment of a State-aided Bank in Mysore and the concessions recommended by the Committee for Industries and Commerce.

(Paper in file)

2. A table showing the concessions asked for and those recommended by the above officers is also in the file.

3. The linked file contains the names of gentlemen who have consented to act as a Provisional Directorate, the qualification for a Director being willingness to subscribe for 50 shares of Rs.100 each, half of which should be paid up as soon as the Bank is formed.

4. There is a strong consensus of opinion in favour of starting the Bank, though as to the nature and extent of the concessions to be granted there are minor differences of opinion. As it is very necessary to make a move

47

in this direction, I would recommend that the following concessions be granted:-

(i) The Government to maintain in the new Bank for a period of ten years a minimum balance of hali the paid-up capital, without interest, not exceeding Rs.5 lakhs and to deposit another sum of Rs.5 lakhs at a reasonable rate of interest, not less than 3 per cent, if required by the Bank.

(N.B.- The First Councillor thinks that 25 per cent of the paid-up capital not exceeding 2½ lakhs may be deposited in the Bank by Government, free of interest, and 75 per cent of the paid-up capital not exceeding 7½ lakhs may be deposited by Government at a reasonable rate of interest, i.e., not less than 3 per cent. But I am in favour of retaining the figures at 5 lakhs under each head, as in Baroda, it has since been found necessary to increase the State deposit to 7½ lakhs under each head. The Second Councillor agrees with me).

(ii) Government to pay half the working expenses of the Bank for the first five years, not exceeding Rs.10,000 per annum, unless the special sanction of Government is obtained for increasing the working expenses to more than Rs.20,000 per annum.

(iii) The Bank to be permitted to do at District headquarters such Treasury work as may be decided upon from time to time.

(iv) The Bank to be given preference, as far as possible, in the matter of deposit of securit

to be hereafter purchased by Government.

(v) Government to supply Treasury guards within the Mysore State and free escort for money between places not connected by railway for a period of five years and thereafter, on payment of a reasonable charge, the Government not being held liable for loss by theft, negligence, &c.

5. The Bank on its part may be required to consent (i) to appoint a duly qualified Chartered Accountant to manage its affairs, (ii) to the Bank's account being audited once a year, or if necessary twice, by one of the officers of Government, (iii) to the approval by Government of the appointment of the President of the Directors and (iv) to publish the yearly statements of receipts and disbursements in the Mysore Gazette for the information of the public.

As far as possible the whole of the capital of the Bank should be raised within the State, but it should be made a condition that at least half should be so raised. The concessions may continue only so long as at least half the capital is owned by people residing within the State.

6. The head-quarters of the Bank should be at Bangalore with branches at Mysore and other district head-quarters as the business of the Bank may develop.

7. The following gentlemen may be authorised to

form a Provisional Directorate for issuing the prospectus, calling for shares, collecting the required capital and take the necessary steps to bring the Bank into existenc and to put it into working order:-

(1) Dewan Bahadur Mr. K.P.Puttanna Chetty, to be Chairman.

MEMBERS -

(2) Mr. A. Rangaswami Iyengar.
(3) " E.R. Subrayar.
(4) " Mandi Hariyanna, Sowcar.
(5) " L. Srinivasiengar.
(6) " B. Chinnasami Setti.
(7) " S. Narayana Rao

and two members to be selected by the above 7 members.

8. As soon as the Bank is started, the confirmation of the Directors or the appointment of new Directors and the management of the Bank will vest in the share-holders

9. Government may, if possible, make available to the management of the Bank, if they require it, for at least a year at the commencement, such expert advice and co-operation as may be necessary to ensure its smooth working and formation on sound business lines.

10. The above conditions and concessions are in the main rough outlines and may be added to or altered as experience may suggest, in consultation with the management of the Bank, the main object being the creation of banking facilities for the development and expansion of

trade and industries within the State by utilising local capital as far as possible.

11. The subject has been under consideration and discussion ever since the Conference was started in 1911. In the main, the rough scheme for which sanction is now solicited is based on the experience of the Baroda Bank which is working very successfully. The proposals were drafted after several discussions with the Chairman of that Bank.

12. From the opinions recorded by the late Dewan, the Councillors and the Financial Secretary, (vide comparative statement attached) it will be seen how difficult it is to make any two officers agree as to the nature and extent of the concessions to be granted. As I have stated already we have followed the experience of the Baroda Bank and the proposals are generally concurre in both by the late Dewan and the Financial Secretary. I beg therefore to recommend that the concessions may be sanctioned and permission accorded to constitute a Provisional Directorate to start business.

13. I request I may have permission to make change in the Provisional Directorate if any of the gentlemen, whose names are put forward in paragraph 7 above, are unable or find it inconvenient, to serve on that body.

53

51

I make this suggestion in order to save the necessity of troubling His Highness with further references. When the Directorate ceases to be provisional, the nominees will be those of the share-holders themselves and not of Government.

M. Visvesvaraya

15th Jan. 1913.

Agrees, print in Statement on pages 53 & 54 under the heading "Enclosure to Dewan's Submission Note"

54

D.T.O

52

Analysis of the various opinions on the question of Subvention to the proposed State Bank.

Concessions recommended by the Chairman.	Financial Secretary's opinion	1st Councillor's opinion	2nd Councillor's opinion	Dewan's opinion (Mr. T. Ananda Rao's opinion)
(a) (1) Deposit by Govt. for 15 years of a minimum balance of 5 lakhs without interest.	15 years is too long and may be reduced to 10 years.	This is too much. 25 % of the paid up capital not exceeding 2½ lakhs may be kept as a deposit without interest as in Baroda. Any additional deposit which should not exceed 75 per cent of the paid up capital, should bear interest at 3½ or 4%.	I would give minum balance of 5 lakhs without interest for 5 years to begin withand would extend it if necessary afterwards. We may add 5 lakhs at a reasonable rate of interest.	I dont think that the Bank would object to the period being reduced to 10 years
(2) A further deposit of 5 lakhs at a reasonable rate of interest, if required by the Bank &				
(3) the rates of interest for deposits in excess of the above to be arranged for for 3 years at a time;				
(b) A Govt. subvention of half the working capital expenses of the Bank for 5 years	A part may be paid for 5 years	Half the working expenses may be borne by Govt. for 5 years subject to certain conditions one of which is that Govt. should have power to call for any information and to give any advice about the affairs of the Bank, at least half the capital should be subscribed for in the Rajpore State.	I am sternly opposed to the other concessions.	
(c) Permission to do Treasury work wherever the Bank may have branches.	This may be possible in respect of Distt. Treasuries but not in	The extent to which Treasury work may be entrusted even in		I dont think that the Secy's objections in regard to payments of

(d) Custody of the Govt. securities held by the State & the permission to draw interest on them	Treasuries The securities at present lodged in other Banks cannot be withdrawn and placed in the Bank. If securities purchased hereafterare to be deposited in a Bank, the proposed Bank may be given preference	may be decided upon after the Bank shall have been working for some time		vernment revenues the Bank are insuperable
(e) Free Treasury Guards within Mysore Territory (f) Free escort for Treasury between places not connected by Railway	May be supplied free for 5 years after w/ which a reasonable charge should be made.	I agree with t h e	Do.	
(g) Custody of the balances of District Boards & Municipalities	Distt. Boards & Municipal balances form part of Govt. balances. It is not necessary to separate them from the general cash balance & place them in the Bank's custody.	Financial Secretary.		
(h) An annual audit by Govt. free of cost.	No remarks	A state audit may be prescribed once in 6 months	There is no objection to the annual audit being conducted by Govt. but even these should eventually cease and be left to the Directors to arrange for otherwise.	A yearly audit. If absolutely necessary make it a half yearly audit.
(i) No Govt. Director on the Board	[illegible] Director having access to all papers & records of the Bank. He & Govt. on his report shd. have the power to veto; or Govt. shd. have power to withdraw concessions if things are not going in the way wh. wd. justify Govt. concessions	This should be left to the Shareholders. The 1st set of Directors should be appointed with the approval of Govt.	I am not for a Govt. Director.	Govt. Director not needed. If absolutely necessary let the chairman be ~~approved~~ appointed by Government.

5-4

2

3 9

U.O-34

Extract from the Dewan's D.O. letter No.344, dated Bangalore, 25th January 1913, to the Hon'ble the Resident in Mysore.

****

x x x x x x

His Highness desires me to communicate to you the intention of his Government to start a State-aided Bank like the Madras Bank or the Bombay Bank on a small scale.

x x x x x x

Below [illegible] with the heading:—

"D.O letter No. 250 dated 26.1.1913 from the Hon'ble the Resident [illegible]"

C.C.R 3.2.13

D.C

57

D. O. No. ☆ 25D

26/1/1913

My dear Dewan Sahib,

Many thanks for your D.O. letter 344 of 25th, which I received on the arrival of Lord Crewe. Before I speak about the Lawrey arbitration

I shd like first to look
up my file & begin
Sunday I have asked
Mr Warburton Hartington to get it
out to-morrow. When
I have seen it, I will
write
write again about it.
our
We meet to speak

on the subject
Subject
Please thank Mrs
Kitchener for kind
Communicating
communicate to me
the intention of the
Dunbar to start a
state aided Bank. The
experiment should be
interesting
interesting

we greatly
We greatly enjoyed our
visit
visit to Madras & the
drive back by road
m

Yours
Sincerely
A Daly

Hôtel Ilma, Wagon with the Rajah
& his daughters on the road
for E

11
B 9-1 40

Record of Cases submitted for the Orders of His Highness the Maharaja

Subject.

Establishment of a State-aided Bank in Mysore, and the nature of the concessions proposed to be granted to it.

No 899
16.1.13

9. Returned with D.O. No. 238 Dated 20.1.13

Orders of the Highness.

Sanctioned

~~KRW~~

31/1/13

Print here the D.O. in the "a[illegible] heading "D.O. letter No 257 Dated [illegible] 13" the Private Secy. to His Highness the Maha[illegible] "Reply to the Dewan of [illegible]"
—(After the D.O. Continue this)

Secretary for forms of furnishing a Regl. G.O.

1-2-13 RG (M.V)

3/2

Jt. Secy. Earle (Asst. Sec.)

M (J.S.C.)

4/2/13

(Please issue Continue the [illegible])

56

D. O. No. 7-25/4

9 of 1912.

The Palace,
Bangalore,
1st February 1913.

Dear Sir,

I am directed to return the File relating to the proposed State-aided Bank and to convey His Highness' sanction to the proposals made in our submission note No. 999 dated 16-1-13.

Yours sincerely,

Visvesvaraya, Esq., C.I.F.,
Dewan of Mysore,
Bangalore.

...le a few additions and alterations ...t in accordance with the spirit ...is submission note and his intentions ... understood them in the course of ...nions. If any of the additions ... are not approved after consideration, ... left out.

...rtant changes made by me in the ...arked (1) to (8) in red chalk.

(1) ~~One lakh~~ "Sum of five lakhs" changed to "equal amount". I believe this is the Dewan Saheb's intention.

(2) This being the most important condition to be fulfilled by the Bank in conducting its operations, it has been removed to its proper place amongst the obligations of the Bank.

The capital of the Bank being in marketable shares, the Bank will have no control as regards the destination of the shares. If a few Bombay or Calcutta millionaires want, they can purchase all the shares of the Bank in one day by paying sufficiently tempting price and the Bank will

NOTE—Contn. sheet.

GIE—65,000—17-6-12.

G. R. S. 12]

45

General and Revenue Secretariat. | B File No. 9 of 1912

Serial No.

(4) Consequential on (2) explained above. This important condition naturally comes first ~~of the~~ among ~~top~~ all the conditions to be observed by the Bank.

(5) We need not bind Government to appoint one of their own officers as Auditor but leave them wider choice.

(6) ~~Also~~ Also a point of leaving wider discretion to Govt, Government. ~~of~~ The publication of annual accounts may not do. The Presidency Banks publish weekly statements of affairs.

6(a). These important conditions should not I think be ~~omitted~~ omitted from the order.

(7) A necessary addition that explains itself. This will also serve as an incentive to the Provisional directors to energetic ~~endeavours~~ action.

(8) The two paragraphs added by me explain themselves. The removal ~~of~~ of ~~dead~~ the restriction regarding half the Capital being raised in Mysore will make the establishment of the Bank easier. We want 10 lakhs to start operations. It would be a great advantage to state in the prospectus that Bombay capitalists have agreed to make up the paid up Capital necessary for starting the Bank, and if Mysore people do not come forward within a reasonable time ~~Bom~~ say six months, the Bombay offer will be accepted. That will make local Capital

NOTE—Contn. sheet

GPB—20,006—20-1-13

Serial No.

flow more readily.

The amount of minimum capital is mentioned to avoid the chance of a petty affair being designated "Mysore State Aided Bank".

Para 8 is in my opinion necessary as it is the duty of Government both in their own interests and in those of the people to avoid misconception as far as possible. After all it will be a private concern and the implicit faith of the people in the "Sirkar" is too valuable to be risked even for the promotion of a State-Aided Bank.

Before the receipt of this file I ventured once more to place my views regarding a Govt Director in a Demi-official letter to the Dewan Sahib. It is meaningless to impose conditions unless we retain power to see that those conditions are observed. The annual audit may reveal irregularities but transactions once entered into cannot be cancelled on the report of the auditor. I request that the point may be once more considered before the issue of the draft.

J.S.C
15/2/13

Dewan)

D.O

(Continue here the note on the Next page)

54

D.T-D.

GPD—20.000—20-1-12

D.O. No. 27

CONFIDENTIAL.

Comptroller's Office,

Bangalore, dated 3rd February 191 3.

My dear Sir,

I beg to invite a reference to my D.O. letter No.49 of the 10th August 1912 to Mr. T. Ananda Row the then Dewan enquiring whether in the opinion of Government it was advantageous that I should undertake a journey to Baroda to study the methods and working of the Bank of Baroda. The special points for studying which I thought the journey might be useful were the question of having a Government Director and that of transferring Treasury work to the proposed Bank in places where it would have branches. But if I went I could no doubt investigate other points also e.g. I might have definite information as to whether there is any truth in the rumour widely prevalent in Bombay commercial circles that between 30 to 40 lakhs out of the funds of the Bank have been taken as loan by a few firms in which one of the most prominent Directors is very much interested. Seeing that we depend so much on the example of the Bank of Baroda, I consider it very desirable that the methods followed in respect of that Bank should be studied as closely as possible.

2. The idea of a State Bank for Mysore was first hinted at in my predecessor Mr. Basu's note dated the 3rd December 1906 before the Baroda Bank came into existence and I was myself studying the subject along with one of my Assistants when the Economic Conference came into existence and took up the question. I have supported the scheme in the Conference and have gladly given my services in the special Committee. But I have always held the view that the Bank should be worked with the main object of developing trade and industry in Mysore and that unless this essential condition is satisfied there is no justification whatever for substantial State aid. At my own instance the Special

Committee

Committee were pleased to introduce a condition that as regards the employment of funds the operations of the Bank will be confined as far as possible to the Mysore State and that all the transactions outside the State will be hedged in with proper restrictions and safeguards.

3. The acceptance of the principle stated above, by the Special Committee is very gratifying. But in order that the principle may be observed in practice two things are absolutely necessary; viz.

(a) The phrase "as far as possible" being very elastic the condition should be made more definite e.g. a fixed proportion of the funds of the Bank may be mentioned as the maximum per centage which can be utilised beyond the State.

(b) There must be some one in the Directorate whose duty it will be to stop transactions which violate this essential condition of working and who will have power to do so.

This clearly means that we must have a Government Director with power to veto pending appeal to Government.

4. There is no justification for placing a large sum of Government money in the hands of a private bank without adequate Government control. We are bound to take all due care of State money. A little consideration will no doubt convince you that the idea that Government Directors will hinder smooth and successful working can be pressed only by those who want to divert the operations of the Bank to channels unprofitable to the State and unduly risky. The Mysore people will welcome rather than be opposed to Government control.

5. The status of Presidency Banks is quite different. They

have an elaborate Act and in practice some of them e.g. the Bank of Bengal, almost always have Government Directors. No one can say that the operations of the Bank of Bengal have not been successful because there is a Government Director on the Board.

6. Unless adequate Government representation on the Board of Directors is secured, the substantial Government aid may be utilised otherwise than for the benefit of the people of the State. I consider it my duty clearly to place this opinion before Government once more and respectfully request that this may be placed before His Highness the Maharaja.

7. I recently met a friend who is in intimate touch with commercial circles and he gave me two names which may be of use in selecting a Manager for the proposed Bank: the first is Mr. C.B. Green of the Alliance Bank of Simla and the other Mr. V.W. Smith of the Allahabad Bank. Both are between 30 and 40 years of age and may accept a salary of Rs.1,000 rising to Rs.1,500. They are pucca Europeans recruited in England and are said to have considerable Indian experience. In any case, enquiries which I have been able to make in these directions go to show that it is not at all necessary to pay such high salary as Rs.2,000 or Rs.2,500 for a European Bank Manager but that a very decent and satisfactory man may be secured for much less.

8. My object in writing this letter to you at the present time is to place at your disposal the result of my further study of the question:

(i) I am more than ever convinced that there should be a Government Director to safeguard the interests of Government and to see that the conditions on which Government help is given are not departed from;

(ii) I think

(ii) I think that as close a study, on the spot, of the operations of the Bank of Baroda as will be allowed by the authorities will be useful in connection with settling our own Bank question. I am ready to go and study if necessary facilities can ~~could~~ be secured.

(iii) It would be easy to secure a competent European Manager with experience of Indian Banking on salary between Rs.1,000 and Rs.1,500.

Yours sincerely,

JS Chakravarthi

M. Visvesvaraya Esquire B.A.,C.I.E.,

DEWAN OF MYSORE.

C.M.R. Below this D.O Continue the Dewan's minute at the top of the letter -(ie) a This letter was submitted in person to His Highness in person on the 27th Feby 1913. His Highness ordered that the matter having been once decided, no Radical Changes in the policy are now necessary!

(Sd) M.V. 28-2-13.

After this continue to read the next page -

No 'Cert'
13 Kensington 27th Jan 11
The Mansion Dorc

Confl

Bournemouth
(Via Lyme) 6.45 pm 28/1/13
Copy of this 4.15 pm
(Lyme 8.30)

My dear Sir Fitzmaurice

I return herewith with thanks
Mr Chamberlain's confl. letter
re Lon Stock Bank recently
purchased by H.H.B. for—

I have carefully read this
letter Mr Chamberlain's
remarks & Mr Chamberlain's
memoranda in the light
of his letter I deal with them

bs

76

Jennifer

(1) The question of leaving a Will
has been discussed before the Solicitor
has not advised to this date
The Estate because of the Committee
being opposed to the reasons
Mrs Hall is not likely
So, H.H. has no full possession
of the rights of the members of the
Club before considering the Scheme
& if H.H. had felt at all any doubt
about this he should have asked a
Barrister and recommended this
which has not been the case -

10

work of the Provincial Branches and
their officers of the State & I think
we must avoid them with as much
decision as we have to refer: and the
interests of the State in these transactions
They are all men with marked interests
in the State & it would be simply ridiculous
Chamberlain & take a suspicious view
of their motives as regards the State & they would be
the first - very first - to denounce
the power of appeal of the Executive
of the chairman in any question
sufficient guarantee that will work
so well. I don't think there is anything
to prevent first - from stopping in
when they come to know
Branch is not working - perfectly of
its friends, contrary to the views taken
and done by them in sending it

[illegible]

(2). It will be perhaps useful as well if either Mr. K. Chandrasekhar or T. Lakshmi Narasimhan were deputed to Ranchi to study the working of the Plant. It will certainly be cheaper.

(3). I see no objection to a capable European with work experience in Indian Sugar factories being appointed as the Manager. The proposed pay of Rs 1000–1500 is by no means extravagant. Either of the two mentioned by Mr. Chakravarti may be recommended to the Board of Directors for employment.

Yours sincerely,

Confiden- D.O.letter dated 6th February 1913 from the Second Councillor
tial
to the Dewan of Mysore.

I return herewith with thanks Mr.Chakaravati's confidential letter regarding the State Bank recently sanctioned by His Highness' Government.

I have carefully gone through this letter. The three points raised by Mr.Chakravarti are summarised in the last para of his letter. I deal with them seriatim.

(1) The question of having a Government Director on the Committee was fully discussed before the scheme was submitted to His Highness.

The Late Dewan and both the Councillors were opposed to it for reasons given by them in their notes. So His Highness was in full possession of the views of the Members of his Government before sanctioning the Scheme and if His Highness had felt at all any doubt abput this, he should have asked us to reconsider our recommendation. This has not been the case. Most of the provisional Directors are retired officers of the State and I think we must credit them with as much desire as we have to safeguard the interests of the State in this transaction. They are all men with vested interests in the State and it would be anything but charitable to take a suspicious view of their motives as regards the interests of the State.and its well-being . The fact that Government reserve to themselves the power of approval of the nomination of the Chairman is in my opinion sufficient guarantee that all will go well. I don't think there is anybody to prevent Government from stepping in when they come to know that the Bank is not making a proper use of its funds, contrary to the stipulations laid down by them in sanctioning it.

(2.) It will do perhaps just as well if either M.N.Krishna Rao or T.Lakshminarasimha Rao were deputed to Baroda to study the working of the Bank. It will certainly be cheaper.

(3) I see no objection to a capable European with vast experience of the Indian Banking affairs being appointed as the

Manager. The proposed pay of Rupees Thousand -Thousand Five hundred is by no means extravagant . Either of the two men mentioned by Mr. Chakravarti may be recommended to the Board of Directors for employment.

Ref to the D.O on the Previous page
76
Contd from

Extract of para 3 of the Dewan's D.O.No.503 dated 28th February 1913, to the Private Secretary to His Highness the Maharaja of Mysore.

x x x x

A third point on which orders are also required is in regard to the deputation of one of the Assistant Comptrollers to Baroda for a period && not exceeding a fortnight with a view to study the working of the Baroda Bank. I have His Highness' authority to do all that is necessary to bring the Bank into existence but as this is an important departure from the original order, I have thoughtfit right to obtain His Highness' specific sanction. The Financial Secretary approves of this proposal. As the Bank of Baroda is a private institution, there can be no objection to the deputation.

Ref to Mr Continue the D.O on the next page-

3.13

73

69

D. O. No. 370

The Palace, Mysore,

3rd March 1913.

My dear Sir,

In reply to the last question raised in your D.O. letter No.503 dated 28th February last, I am directed to say that His Highness approves of the deputation to Baroda of one of the Assistant Comptrollers.

Yours sincerely,

M.Visvesvaraya Esq.,C.I.E.,

Dewan of Mysore,

Camp, Shimoga.

D. O.

CONFIDENTIAL

MYSORE ECONOMIC CONFERENCE,

INDUSTRIES AND COMMERCE COMMITTEE.
"RINGWOOD."

Bangalore, 3rd . MARCH 1913.

D O Letter dated 3-3-13 from the Secy Industries & Commerce Committee to the Dewan's Private Secretary

Dear Sir,

I forward a brief note for submission to the Dewan of the result of my interviews with the members of the Provisional Directorate of the Bank.

As desired in your letter dated the 1st March, I did not see Mr. Chinnaswamy Chetty. Messrs. Mandi Hariyanna and L. Srinivasa Iyengar are not in town.

Mr. Puttanna Chetty suggested that the Government should have a representative on the Board of Directors always and not for sometime as was provided for in the draft Government Order. He was of opinion that the conditions required by Government were reasonable and he was quite willing to serve as Chairman on the Provisional Directorate.

Mr. E.R. Subroyer was also of the same opinion as Mr. Puttanna Chetty as regards the Government being represented on the directorate of the Bank always. He

71 75

He suggested the following additional concessions to the Bank for the consideration of Government. All the Government Treasuries in the State should required to open an account relating to the Bank in their registers. They should be authorised to receive money from private persons in favour of the Bank and disburse the same on receipt of cheques from the Bank. This work should be done gratis until the work of the Bank developed when a small commission such as 1/8 per cent may be charged. He was quite agreeable to serve on the Provisional Directorate. Mr. S. Narayana Rao was also willing to be nominated a Director.

Mr. Rangaswamy Iyengar was of opinion that in matters of such moment, he was not prepared to act on oral representations. He refused to consider the matter until the whole file relating to the Bank was put before him and his opinion invited in writing. He was of opinion that Mr. Puttanna Chetty should invite all the members of the Provisional Directorate and send a joint reply in writing with the whole file before them. Mr. Puttanna Chetty, to whom I communicated Mr. Rangaswamy Iyengar's opinion, thought this procedure was quite unnecessary.

Yours sincerely,

C Ranganatha Rao Sahib

Secretary, Industries and Commerce Committee.

To

S. Hiriyannaiah, Esq., M.A.,B.L.,
Private Secretary to the Dewan of Mysore,
Bangalore.

As to this Continued in next on the next page.

73 76

1st Comcallois minuts.

no half margin needed

Draft about the State Bank-

The Concessions granted to the Bank give the following results in money per year:

First five years:

	Rs.
Interest on 5 lakhs deposit at Savings Banks $3\frac{1}{8}$ P.C. (S.B rate)	15,625
Share of working expenses	10,000
Charges for ES- Cost- (Estimate)	5000
	30,625

which would be equal to the interest on ~~the whole~~ a subscribed Capital of 10 lakhs at 3 P.C.

During the second period of five years, the monetary value of Government helps would be about half as much.

M 77

This is very substantial help rendered to the Bank from State funds. But we need not grudge it if we secure adequate benefits for the people of the State whose money is contributed to support the institution. It is also necessary that we should take precautions to safeguard the money entrusted as deposits directly by Government, and also what others may entrust to the bank relying on the credit that State patronage gives to it.

The ~~proposal~~ Condition of the employing 75 per Cent P.C. of the bank's 75

funds within the State may be difficult to fulfil at this stage. But there is nothing unsound in principle in it. In fact, the condition against engaging in foreign exchange transactions (which I take to mean transactions outside the limits of India) is of the same class. This condition may remain, only reducing 75 to 50 P.C.

The other restriction (that the Capital should be substantially raised within the State) has been left out. I do not attach much importance to the objection raised by the Financial Secretary. It is true that shares being

transferable, outsiders may ~~etc~~ buy up all of them. But, that our people here originally contribute the money would prove that they ~~show~~ ~~that~~ have resources, and are willing to employ them in profitable ways of investment. If outsiders are to buy up these shares, they would have to pay adequate prices, whereby the original investors would be profited. The fact that outsiders would run the risk of investing in these shares even when they know that state subventions are likely to be withdrawn, would be a welcome evidence of the enhanced credit of

the institution. I would therefore add this condition also — that half of the Capital should be raised within the State.

To make our Control effective, it is not of much use ~~necessary~~ to have a Govt. Director, unless we reserve powers of veto to him, and perhaps render our legal (+ at any rate our moral) responsibility for the solvency etc &c of the bank heavier than would be convenient to bear. I would therefore ~~alter condition viii~~ propose the following alterations

81

78

6 66 76

Para. 5. iii. Add at the end:

"and to furnish Government as promptly as possible with all such information and explanation as they may require and to produce for inspection of such officer as may be deputed all such accounts, documents, securities & other property of the bank as they may require".

Para 5. viii. Substitute the following:

"To consider any advice that may be tendered by Government concerning the management of the business and employment and investment of the funds of the bank, ~~and, unless it can~~ and, unless it can satisfy Government

79

to the Contrary, to abide by such advice".

Para. 6. At the end of the first clause (after the words 'approved by Government), add the following Sentence:

"The Comptroller to Government or such other Officer as may be deputed by Government will be associated with these provisional Directors to help them with his advice and Cooperation in the work of Organising the bank".

Para 8. (P. 6. l. 2) for lakh may be substituted

8 64

78

for 'ten lakhs'

These conditions may be modified later on, if the bank when formed, makes any representation to us & makes out a good case for alteration. There is no reason to delay the issue of the order further.

H.V.R.

5/3/13

Agreed. Continue the note on the 1st page.

84

81

Dy. No. 150 } 11. 3. 1913

Dewan's Memo.

Draft Proceedings regarding the proposed State-aided Bank -

Government

The draft Govt. Proceedings are finally corrected and may now issue unless the 2nd Councillor thinks that the Secretary of the I & C Committee should have any special work entrusted to him in connection with the starting of the Bank. If the 2nd Councillor is not at Head quarters, the Proceedings may issue to avoid delay. Any alteration necessary may be carried out later on as suggested by the 1st Councillor.

2. With reference to the last para of the Registrar Co-operative Societies' D.O. dated the 3rd inst, the Secretary will kindly consider whether it would be in order to retain the name of Mr Ranganatha Iyengar among the Provisional Directors in para 6 of the Proceedings. He may be consulted if necessary & if he cannot be induced to remain on the Board his name may be omitted and the words "two more members" may be retained in the penultimate line of that paragraph.

3. The question of the deputation of an Officer of the Account Department to Baroda may be brought up for consideration on my return to Head quarters on about the 17th inst. to be decided after personal consultation with the Comptroller of

9. 3. 13 RG (minute)

Secretary) 9/2

Return.
Let the file be returned as Marginal Note. (as it is).

Para 10 of the proposed draft proceedings Please 10 of the proposed draft Govt. contemplates active cooperation can contemplates active cooperation of the Secretary to the Economic Conference of the Secretary to the Economic Conference in starting the Bank this being so, in starting the Bank this being so, I really don't know if the services of the Secretary Industries & Commerce Committee of the Secretary Industries & Commerce Committee are needed in this connection & while needed in this connection I shall have no objection to his taking a part have no objection to his taking a part provided that this will not provided that this will not in any way prejudice his legitimate duties prejudice his legitimate duties this need not however stand in a this need not however stand in a place in the Proceedings which may place in the Proceedings which may be in the present form form. be in the present form form. Present

11/3/13 M. K.

After this begin new Memo No 2 in page 8 (below)

86 86

G.R.S. 13

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

This may be printed pp 83, 84, 85 — 86

This may be issued by the Financial Secy as his file has been dealt with here

13
14/3

To 2nd Councillor with reference to Dewan's minute of 9.3.13.
I think draft may issue omitting Mr Rangaswami Iyengar's name, unless 2nd Councillor makes any addition in the last para of the draft

M
14/3/13

The draft as finally issued may please.
The Dewan wants Mr. A. N. Iyengar's (the senior) opinion, I submit, before finalising the course suggested in para 2 of his minute of 9/3/13 which I can be adopted.
I have nothing to add to the last paragraph of the draft Rings.

14/3/13

Put up

I had an occasion to speak to Mr R. yesterday. My efforts to induce him to remain on the Board were fruitless. I have made the necessary changes in the draft which may issue today. Asst Secy Fin. will

13

N. B.—Should routine notes be written on small slips, the notes must be copied or slips pasted on this form.

IMMEDIATE.

G.P.B.—25,000—23-7-13

87

See to this. The names of addresses is not given in the draft A/S Jr will please furnish this after a careful perusal of the draft. All persons affected should be included ~~Secretary~~. It should also be placed on the press table & should be printed.

12/3/13

8/1 91

G.R.S. 13]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record]

Carrying (1) of para 5 leaves Bde
inefficient with the best wishes of the
Bank. It is well known that in
some time to come at least three
hill Certain Shares be demand for 75%
of the funds of the Bank in hyme
alone. This will mean that Tribes
they have to keep their funds idle
or lose the pot help of investing it
outside. The framers Carrying
that pot help and be given Many
by 1/2 the Capital was subscribed
held & people in hyme was more
learnable.

Shares and Certain of the
marketable but the Share holders
how How the devolution of each
Share at any particular moment
It will be very difficult to trace
how of the how of Share have held
& hyme people at last.

We second point is that
here should be a fresh election.
The tenden of Bank Act 76
was framed specially to do away
with [illegible] the [illegible]

85

N. B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

GPB—25,000—23-4-11

G.R.S. 13]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record]

and drew the attention of the Director to the Board for some time. When in para 9 of the letter it is undertaken that a clause will be inserted in all practical purposes a first draft and other draft is perhaps not necessary. I would always prefer to have a clause

itten on small
opied, or slips

GPB—25,000—23-7-12

R. S. 12]

47 41 22

General and Revenue Secretariat. | B File No. 9 of 1912

Serial No.	
Serial No 25	To The Private Secretary to the Dewan Economic Conference
	" Comptroller
	" Diwan Bahadur Raja sabha Boosha
	" Mr. K. V. Puttanna Chetti
	" Mr. Kanti Kaniyanna
	" " E. R. Subbarayer
	" K. Srinivasaiyar
	" Mr. Chenjiah Chetty
	" S. Narayana Rao
	" Abdul Quddus
	" By Commissioner of Districts
	" Heads of Departments
	Lr. No. 5721-73 J 12-3-1913
	Sanctions the formation of a State aided Bank to be called the Bank of Mysore with its Head Quarters at Bangalore & grants certain concessions when it commences working.

89

P 1C

NOTE—Contn. sheet.

67

G I E—65,000—17-6-12.

G. R. S. 12]

General and Revenue Secretariat.

B File No. 9 of 1912

Serial No.	
7	ader issues and Printed Copies have been received to-day. Rle Submitted to Dewan for orders (1) to the Accts Officer to Cooperate in Starting of the Bank & (2) Dept to Watch the working of the Baroda Bank. Accts Officer) 19.3.13. Dewan) 20/3/13
2009 20.3.13	The file was received back without any orders. 12/4/14

NOTE—Contn. sheet.

GPB—65,000—7-8-12.

Serial No I — Letter No 33 dated 18th July 1912 from the Provisional Secretary E.C. to the Economic Conference to the Offg. Secretary to H.H. to the Government of H.H. the Maharaja of Mysore, General & Revenue Departments

No. 33 Encs. 1

From

K. Subba Rau, Esq., B.A.,
Provisional Secretary to the
Mysore Economic Conference,
Bangalore.

Received 19/7/1912
Section Banking
File No.
Serial No.

To

K.R.Srinivasa Iyengar, Esq., M.A.,
Offg. Secretary to the Government of His Highness
the Maharaja of Mysore, Gen. & Rev. Depts.,
Bangalore.

MYSORE ECONOMIC CONFERENCE.

Bangalore, the 17th July *1912*

Sir,

I am directed to submit for the consideration and orders of Government, in accordance with para 8 of the Government Order No.G.488-535/G.M.36-11-7, dated 21st July 1911, the following Resolution carried at the recent Birthday Session of the Conference of 1912, about the establishment of a State-aided Bank in Mysore:

'That the Conference do approve of the following Resolution of the Special Committee on the proposed "Bank of Mysore"

'That a Central State-aided Bank, to be known as the "Bank of Mysore", be established in the State on the lines indicated in the Note placed before the Conference and that Government be requested to grant the concessions therein recommended." (30 in favor, none against, carried. Number of members present 35).

2. The subject was discussed at the last Dasara Session of the Conference of 1911. Mr.E.R.Subrayer, retired Comptroller and Mr.J.S.Chakravarthi, the present Comptroller, were in favor of the proposal, and the subject was referred back to the Committee for Industries & Commerce for further consideration. Messrs.E.R.Subrayer

J.S.Chakravarthi and A.Rangaswami Iyengar were specially added to the Committee for discussing the details, and the Committee thus enlarged considered all the aspects of the question and made the recommendation quoted above to the Conference. Thirty out of thirty five members present at the Conference have voted in favor.

3. The Note to which reference is made in the Resolution is enclosed herewith and the concessions required from Government which are given in paragraph 3 of the same is reproduced below for easy reference:-

"It is proposed that for 15 years the Mysore Government shall maintain in the new Bank a minimum balance of half the paid-up capital without interest and deposit another sum of Rs.5 lakhs at a reasonable rate of interest, if required by the Bank.

"The rates of interest to be paid for deposits, if any, in excess of this amount and other terms for business between Government and the Bank may be arranged for, for three years at a time.

"Government shall also pay half the working expenses of the Bank for the first five years.

"As far as possible, the Bank should be permitted to do treasury work wherever it has branches open. In such places, all the revenues may be paid direct into the Bank and all the withdrawals done by cheques or payment orders of Government officers.

"Whenever the State has to collect interest from its investments, the Bank of Mysore may be given the preference on the same terms as other Banks.

"For calculating interest, whatever amount is collected in the Branch Treasuries should be considered as credited to the current account in Bangalore one month after the actual date of payment.

92

90

"Government should provide Treasury Guards without charge within Mysore Territory, but this should not involve any liability for loss by theft, negligence, etc.

"The Bank will not charge for carriage of treasure and will take on itself all risks of carriage.

"In places where there is no Railway, Guards shall be provided free of charge by Government.

"The State should, as far as possible, make it a rule that the District Boards and Municipalities shall keep their balances with the Bank wherever it has branches.

"Government should appoint an Auditor every year to audit the accounts and submit a report to Government. The audit should be given free of charge."

4. The Committee feel that the existing banking facilities do not adequately fulfil the requirements of the middle-class and small business-men, that it is desirable to have a new banking agency with its head office within the Mysore State and having Mysore for its special field of work and that the co-operative-movement is likely to receive material help from such a Bank. The Committee are unanimously of opinion that the establishment of a State-aided Bank is very essential for the development of Industries and Commerce in the State and that such development will be retarded if a Bank on the lines proposed is not soon organised.

5. During the recent Conference the President invited the opinions of the Deputy Commissioners of Districts. All of them were in favor of the scheme. They gave rough estimates of the amount of share capital which the people of each District might be willing to provide and the total of these approximate estimates amounted to about Rs.9½ lakhs. The Committee have therefore no hesitation in preferring a very earnest request to Government in this behalf.

93

6. The co-operation of the capitalists will be required to provide the initial working capital, the co-operation of prominent businessmen in Bangalore and Mysore to work the

scheme and the co-operation of Government will be required at every stage till the institution is firmly established.

As soon as the Government are pleased to intimate their willingness to grant the concessions, a provisional Board of Directors will be formed with the approval of Government and arrangements made to issue the necessary prospectus & to canvass for shares in all the Districts. It is the Committee's desire to start the Bank as early as possible and I am to request the very early orders of Government in the matter.

7. This letter was approved at a meeting, held on the 13th Instant, by the Special Bank Committee appointed by the Conference, during the Dasara Session of 1911.

I have the honor to be,

S i r,

Your most obedient servant,.

K Subba Rau

Provisional Secretary.

94

92

CONFIDENTIAL.

THE MYSORE ECONOMIC CONFERENCE.

Industries and Commerce Committee.

Proceedings of the Ninth Meeting of the Committee for Industries and Commerce, held on Thursday the 2nd May 1912, commencing from 1 P.M. in "Ringwood," High Ground, Bangalore.

PRESENT.

M. Visvesvaraya, Esq. (Chairman).
Rajamantra Pravina C. Srinivasiengar, Esq.
J. S. Chakravarti, Esq., Special Member for the Bank Scheme.
V. Rangaswamy Iyengar, Esq.
M. A. Narayana Iyengar, Esq.
Khan Bahadur Hajee Ismal Sait, Esq.
Sowkar Mandi Hariyanna, Esq.
Magadi Karnik Krishnamurti Rao, Esq.

ABSENT.

J. W. Chambers, Esq.
E. W. Wetherell, Esq.
Rai Bahadur M. Muthanna, Esq.

Rajakarya Pravina Rao Bahadur A. Rangaswamy Iyengar, Esq. } Special Members for the Bank Scheme.
E. R. Subrayer, Esq. }

2. *The Central State-aided Bank.*—The Committee for Industries and Commerce was enlarged by the addition of three members, under Resolution 10 passed at the Dasara Session of the Conference held in October 1911, which runs as follows:—

"That the following recommendations of the Committee for Industries and Commerce on the subject of a Central State-aided Bank be confirmed, Messrs. J. S. Chakravarti, E. R. Subrayer, and Rajakarya Pravina A. Rangaswamy Iyengar, R. B., being added to the Committee for Industries and Commerce for the consideration of this subject:—

"(*a*) That in the opinion of this Committee, one of the first steps necessary for the promotion of Industries and Commerce is the provision of suitable banking facilities for financing local enterprises and that such facilities cannot be obtained readily until a Central State-aided Bank is brought into existence with branches established eventually in all the principal centres of the State.

"(*b*) That Government be requested to authorise this Committee to consult experts and capitalists and prepare and submit for the consideration of Government a scheme for the establishment of a Central Bank."

The enlarged Committee met for the first time on the 2nd May 1912 and considered a note on the proposed "Bank of Mysore" which had been circulated beforehand, and also certain information furnished by the Presidents of some of the District Committees regarding the amount of share capital likely to be subscribed in their respective districts.

After discussing the note, para by para, the Committee *resolved* to submit the same as revised by the Committee to the Conference and to recommend the adoption of the following resolution by that body :— *Resolution 1.*

"That a Central State-aided Bank to be known as the 'Bank of Mysore' be established in the State on the lines indicated in the note placed before the Conference and that Government be requested to grant the concessions therein recommended."

They also decided to forward the note with a circular letter to the members of the Conference, to Deputy Commissioners of districts and to some of the important merchants and raiyats for information and to request the Deputy Commissioners to furnish statements showing the names of persons likely to take shares in the proposed Bank and the probable total capital that may be collected through them.

The Bank Committee meeting dissolved at about 3-30 P.M. and Mr. J. S. Chakravarti, the Comptroller, left after being thanked on behalf of the members.

3. The proceedings of the Eighth Meeting of the Committee, which had

been circulated beforehand, were taken as read and confirmed.

4. The Secretary reported that Mr. E. W. Wetherell's place in the Committee had to be filled up and that Mr. Chambers who was absent from the last two meetings would not return before July. It was decided to report their absence to Government.

5. The following letters received from the Secretary to Government, General and Revenue Departments, were placed before the Committee and their opinion recorded :—

(1) Letter forwarding for consideration and disposal, an application from Mr. Bava Miyan Sahib, for the grant of a scholarship to enable him to study lacquer work and paper manufacture in Japan.

The Committee considered that he might be deputed, if considered necessary, after he had done some practical work under the orders of the Committee who had already applied for his services.

(2) Letter inviting attention to Representative Assembly Subject No. 261 of 1911, regarding technical scholarships for the study of manufactures and the reply of Government thereto.

The Committee thought that the subject should engage the attention of the Industrial Schools Committee.

(3) Letter inviting attention to Representative Assembly Subject No. 160 of 1911, regarding the manufactures of sandalwood products and the reply of Government thereto.

The subject was engaging the attention of the Committee.

(4) Letter forwarding copy of a letter addressed to Mr. Hansard on the subject of opening a Bobbin Factory at Channapatna.

The Committee could not offer any opinion, as no details were furnished by Mr. Hansard.

Some other letters were also placed before the Committee :—

(5) One from the Deputy Commissioner, Chitaldrug, in which he suggested that legislative measures be undertaken by the State to nurture new industries by prohibiting over-production. He cited as an example the statement of a merchant of Davangere which showed how the ginning industry of that place was being ruined by too many factories having been allowed to spring up.

It was decided to elicit further information from the Deputy Commissioner.

(6) The budget estimate of expenditure for the staff and work of the Committee for the year 1912-13 was considered and approved.

(7) The draft report of work done by the Committee, for submission to the Conference, which was circulated beforehand, was approved, subject to minor changes which the Chairman was authorised to carry out before submission to Government.

(8) The recommendations proposed to be placed before the Conference were then taken up and considered.

6. The Committee approved of a proposition to approach Government with a request for the creation of a fund of 10 lakhs to be set apart for purchase of shares and grant of loans, bonuses and bounties to deserving and promising industrial concerns and *resolved* that the proposition be placed for the consideration of the Conference at the ensuing session. *Resolution 2.*

7. It was also *resolved* to place before the Conference a recommendation to start a journal under the name of "The Mysore Economic Conference Quarterly." *Resolution 3.*

8. The Committee went into the subject referred to them for consideration in Resolution 14 of the Dasara Session of the Conference :— namely, sanctioning loans to raiyats and artisans for the purchase of agricultural and industrial implements and machinery on proper security. Mr. Karnik Krishnamurti Rao kindly offered to submit definite proposals which the Committee decided to await.

9. The Chairman was authorised to take necessary action under the orders of Government regarding the appointment of an officer to carry on the work of the Secretary to the Committee during the period of the deputation of the Secretary on the Industrial Survey of the State.

10. A proposal was made by Messrs. Hariyanna and Karnik Krishnamurti Rao to establish telephone connection between the Bangalore City and Cantonment and also to extend this means of communication to such local merchants as were willing to have them. The Committee thought that the question was one deserving of the favourable consideration of Government whom they decided to address on the subject.

11. The Chairman suggested that the bulletins under preparation and publication be read and approved by at least one of the members of the Committee before they were published. The offer by Messrs. C. Srinivasa Iyengar, M.A. Narayana Iyengar and V. Rungaswamy Iyengar to give effect to the suggestion was accepted with thanks and the Secretary was requested to take the necessary steps in the matter.

13. The Committee considered that no further meeting was necessary in May and that the next meeting may be fixed on a convenient date in June.

BANGALORE,
17th June 1912.

M. VISVESVARAYA,
CHAIRMAN.

V. S. SAMBASIVA IYER,
Secretary,
Industries and Commerce Committee.

GPB—300—7-8-12

Enclosure to the above letter G.G.

CONFIDENTIAL.

Print the proposals in the one we sent before under the heading:—

I Scheme is recommended

NOTE ON THE PROPOSED BANK OF MYSORE.

Submitted by the Special Committee appointed by the Mysore Economic Conference to consider the question of the establishment of a State-aided Bank in Mysore.

I fear that the bulk of the funds will have to find investment for a considerable time outside. This seems to be the experience of Baroda.

In drawing up the Memorandum and Articles of Association, it should be provided that the operations of the Bank as regards employment of funds will be confined, as far as possible, to the Mysore State, and that all such transactions outside the State will be hedged in with proper restrictions and safeguards.

The Bank will not ordinarily engage in, or enter into, operations connected with Foreign Exchange.

This seems a necessary restriction, but the sphere of usefulness is greatly restricted thereby.

The Bank will not have power to lend money on the security of immovable property. Such loans might lead to the money being locked up in unrealisable securities. The Presidency Banks have no power to lend on landed property.

At first, loans may be given on the security of movable property or, with proper safeguards, on personal security.

2. *Capital.*—The Bank will start with a subscribed capital of Rs. 20 lakhs, in shares of Rs. 100 each, of which Rs. 10 lakhs should be paid up.

There would be little excuse for State Subvention.

If the people of Mysore are to have the sole control and continue to take a direct interest in the Bank and if the Bank is to help internal industries, it is necessary that the capital should be collected from the residents of the State as was done in Baroda. The Civil and Military Station, Bangalore, may also be included. In view of the anticipated Government concessions, no difficulty will be experienced in collecting the share capital required, from outside. The whole of the capital can be underwritten at once in Bombay, if necessary. But it is considered important, in the interests of the Bank as a permanent institution intended to benefit the State, to collect all the share capital from within the State.

Subscriptions may be invited by public advertisement after about half the amount has been secured by a provisional Committee.

3. *Concessions from Government.*— The remuneration which the Presidency Banks are to receive for transacting Government business is fixed by a contract for a term of years. The Bank of Bombay, for instance, enjoyed the free use of the Government balances which varied from 70 to 150 lakhs of rupees during the ten years ended 1910.

It is proposed that for 15 years the Mysore Government shall maintain in the new Bank a minimum balance of half the paid-up capital without interest, and deposit another sum of Rs. 5 lakhs at a reasonable rate of interest if required by the Bank.

The rates of interest to be paid for deposits, if any, in excess of this amount and other terms for business between Government and the Bank may be arranged for, for three years at a time.

Government shall also pay half the working expenses of the Bank for the first five years.

As far as possible, the Bank should be permitted to do treasury work wherever it has branches open. In such places, all the revenues may be paid direct into the Bank and all the withdrawals done by cheques or payment orders of Government officers.

Whenever the State has to collect interest from its investments, the Bank of Mysore may be given the preference on the same terms as other Banks.

For calculating interest, whatever amount is collected in the Branch Treasuries should be considered as credited to the current account in Bangalore one month after the actual date of payment.

Government should provide Treasury Guards, without charge within Mysore Territory, but this should not involve any liability for loss by theft, negligence, etc.

The Bank will not charge for carriage of treasure and will take on itself all risks of carriage.

In places where there is no Railway, guards shall be provided free of charge by Government.

The State should, as far as possible, make it a rule that the District Boards and Municipalities shall keep their balances with the Bank wherever it has branches.

Government should appoint an Auditor every year to audit the accounts and submit a report to Government. The audit should be given free of charge.

The Bank should also arrange for independent audit.

4. *Board of Directors.*—There shall be 6 to 8 Directors, one Agent or Manger and one Assistant Agent or Manager.

The Directors should be selected from among very respectable and experienced men. Care should be taken to avoid money-lenders, as with the best of intentions, their action may prejudice the interests of the Bank. The interests of money-lenders often clash with those of the banks.

There shall be no Director on the Board as a Government nominee. But the appointment of the Chairman should be approved by Government. Government servants are not disqualified from serving on the Board if appointed by the shareholders or by members of the Board, as the case may be, with the approval of Government.

The report of the Auditor should be a sufficient check to safeguard the interests of Government. In practice, Directors and shareholders may find it an advantage to appoint Government officers, whether in active service or retired, on the Board.

5. *Manager.*—An expert Manager shall be employed and he should be paid a liberal salary. Applications may be called for by advertisement and the selection made on the advice of financial experts.

6. *Head Office and Branches.*—The Bank will have branches in the principal business centres of the Mysore State. The Head Office will be in Bangalore and there may be established gradually eight branches in the eight districts. Branches may also be established in places like Davangere and Tiptur where there is a flourishing trade.

In order to be in touch with the principal money markets or centres of money markets, branches or agencies may be established first in Bombay, Madras and later on in Calcutta.

Business should not be conducted in stations outside Mysore with the same freedom as within the State. As stated already, it should be hedged in with proper restrictions and safeguards. The main object of establishing branches outside the State will be to attract capital for investment within the State and it should always be understood that the bulk of the Bank's capital and deposits should be employed within the State.

7. *Steps to be taken for starting the Bank.*—The object and purposes of this movement should be widely made known to the prominent men interested in the trade and industries of the State.

As soon as the scheme is generally approved and the concessions recommended are approved by the Conference and agreed to by Government, steps will be taken to appoint a provisional Committee consisting of at least half a dozen earnest business men to whom the development of the scheme will be entrusted. The names of some of the men from whom the selection will be made will be read before the Conference and any other names that may be suggested by the Conference will be noted for consideration at the time of the selection.

It is earnestly hoped that the Deputy Commissioners and the leading business men in Bangalore and in the districts will come to the Conference prepared with definite information as to the total amount of capital that may be obtained from each district if Government are prepared to grant the concessions referred to in paragraph 3 above.

On receipt of a promise from Government regarding the concessions and a promise from the districts that a paid-up capital of Rs. 5 lakhs on shares of 10 lakhs will be forthcoming, a provisional Committee consisting of from 6 to 8 members will be brought into existence. That Committee will then issue the Memorandum and Articles of Association to the public with a view to collect the balance. The question of a special regulation and the necessity or otherwise of registering the Bank in British India will be dealt with at the same time.

The services of an Agent or Manager will be obtained simultaneously by advertisement in the papers. The selection will be made on the advice of financial experts. The appointment will require the approval of Government.

An Assistant Manager or Assistant Agent will be appointed from among local men also with the approval of Government.

After this is done, the further development of the Bank will rest with the Board of Directors who will be nominated by the shareholders themselves, assisted by the expert Manager.

8. *Concluding Remarks.*—Under the scheme here outlined, it is confidently hoped that the Bank will earn good profits and prove a great success. At the

outset, the profits may, to a certain extent, be contributed by the Government concessions, but the profits to the share holders are not necessarily a loss to Government. If the shareholders derive large profits, the strong position of the Bank of Mysore will reflect on the trade and industries of the State and on future occasions may even help in financing Government schemes.

The Bank of England, for instance, is a shareholders' bank and not a Government Institution. The profits are divided among the shareholders only. No portion of them goes to Government, and yet the British Government have granted the Bank power to issue currency notes and are giving every help to make its position stronger and stronger with the growth of time. The British Government have, often in the past, received financial help from the Bank of England and such help has many a time averted a financial crisis.

In the case of Mysore, the argument applies with greater force because whereas the Government of England can go to the market and borrow money without much difficulty in times of need, the Mysore Government does not find the market so easy without a guarantee.

The advantages offered by the Bank will be secured without much cost to the State. Government may, on the other hand, save some money on establishment by the abolition of some part of the establishment of its branch treasuries.

Government need not bind themselves to entrust their treasury work to the Bank permanently. It should be open to them to withdraw, if they consider their money unsafe, that is, if events happen which shake their confidence in the Bank.

9. Before proceeding further, the Committee require an assurance by means of *mutchalikas* that a sum of about Rs. 10 lakhs would be subscribed and 5 lakhs paid up by the people of the cities of Bangalore and Mysore and of the districts.

Simultaneously, an assurance will be required from Government that they will be prepared to grant the concessions hereinbefore mentioned.

After receiving satisfactory assurances in these two respects, a provisional Committee will be appointed who will take steps to establish the Bank without delay.

The Committee have suggested that the two eminent bankers of Bombay, *viz.*, the Hon'ble Sir Vithaldas D. Thackersay and the Hon'ble Mr. Lallubhai Samaldas

59 104

be requested to associate themselves with the Bank and guide the movement for two or three years. Their guidance in the initial stages, if acceptable to the shareholders and the Government, will be valuable, and steps may be taken to ascertain if they will agree to help the movement.

M. VISVESVARAYA,
Chairman,
Bank Committee

Bangalore,
12th May 1912

Hf to the Govt
the Government
Order in the last Page

GPB—300—17-5-12

127

Proceedings of the Government of His Highness the Maharaja of Mysore.

Read:-

Letter No.33/E.C.dated the 17/18th July 1913 from the Provisional Secretary Economic Conference, submitting for the orders of Government the resolution carried at the Birthday Session of the Conference of 1913 about the establishment of a State aided Bank.

Order thereon No. H 5721-73

Dated Bangalore, 12 March .1913

The subject of creating Banking facilities for the development of trade and industries within the State by utilizing local capital as far as possible has been engaging the attention of His Highness the Maharaja's Government for sometime past and the question of having a State aided Bank in Mysore has been urged upon the attention of Government by the Dasara Representative Assembly at its sittings of 1911 and 1912. The subject having been referred to the Economic Conference for deliberation has been exhaustively considered in all its details by a Special Committee and a workable scheme has been framed and submitted by the Conference for the orders of Government.

2. The Conference in resolving upon the desirability of establishing a State aided Bank recommend the grant of the following concessions to the Bank by the Government

(1) The Government to maintain in the Bank, for a period of 15 years, a minimum balance of half the paid up capital without interest and deposit another sum of five lakhs at a reasonable rate of interest if required by the Bank.

(2) The rate of interest to be paid for deposits, if any, in excess of this amount and other terms for business between Government and the Bank may be arranged for for three years at a time.

(3) Government to pay half the working expenses of the Bank for the first five years.

(4) As far as possible, the Bank to be permitted to do treasury work wherever it has branches open.

(5) Whenever the Government has to collect interest on its investments, the Bank of Mysore to be given preference.

(6) Government to provide Treasury Guards without charge within the Mysore State without involving any liability for loss by theft, negligence etc.

(7) Government to provide guards free of charge in places where there is no railway.

(8) Municipal and District Fund balances to be lodged in the Bank.

(9) Government to appoint an auditor free of charge every year to audit the accounts and submit a report to Govt.

3. After having given the subject full consideration the Government of His Highness the Maharaja are of opinion that the formation of a State aided Bank

107

7

and with its head quarters at Bangalore

on the lines suggested is desirable.

4. ~~The question of the grant of concessions has been carefully considered and~~ The Government will be pleased to grant the following concessions to the bank when started.

(i) The Government to maintain in the Bank, for a period of ten years, a minimum balance of half the paid up capital, without interest, not exceeding five lakhs and to deposit another equal amount at a reasonable rate of interest, which is not less than 3% per annum, if required by the Bank.

(ii) The Government to pay half the working expenses of the Bank for the first five years, & this contribution is not to exceed ~~ing~~ Rs.10,000 per annum unless the special sanction of the Government is obtained to increasing the working expenses to more than Rs.20000 per annum,

(iii) The Bank to be permitted to do at District Head Quarters, and at other places approved by Govt such Treasury work as may be decided upon from time to time.

(iv) The Bank to be given preference as far as possible, in the matter of deposit of securities to be hereafter purchased by Government.

(v) The Government to supply Treasury Guards within the State and free of escort for remittances between places not connected by railway for a period of five years and thereafter on payment of a reasonable charge, the Government not being held

105

191

responsible for loss by theft, negligence etc.

5. The Bank, on the other hand, will be required to consent to the following conditions. The concessions mentioned in the foregoing paragraph will continue only so long as these conditions are satisfied.

i. To employ or invest or otherwise utilize at least 50 of the capital, deposits and other funds at the disposal of the Bank within the limits of the Mysore State including the Civil and Military Station.

ii. To appoint a duly qualified Banking expert with the approval of Government to manage its affairs.

iii. To its accounts being audited once a year, or more frequently by a person appointed by Government.

iv. To obtain the approval by Government of the appointment of the President of the Directors.

v. To publish such accounts as the Government may desire in the Mysore Gazette for the information of the public.

vi. Not to engage in or enter into operations connected with foreign exchange.

vii. Not to lend money on the security of immoveable property.

To have a Government Director on the Provisional Directorate referred to in para 6 below for sometime he beginning on the regular Board ctors. Until further orders the

109

9.

Controller to Government will be the Government Director. The Government Director need not sign any papers published for the information of the public or the share-holders.

6. In order to issue the necessary prospectus calling for shares, collect the required capital and to take necessary steps to bring the Bank into existence and to put it into working order, the following gentlemen each of whom has expressed his willingness to take shares in the Bank to the extent of Rs.5,000 at least will form a Provisional Directorate. The initial expenditure will be raised by the Provisional Directors amongst themselves and on the formation of the Bank they will be entitled to recoup themselves either in shares or in cash and receive such promotion money as may be agreed to by the shareholders and approved by Government.

Dewan Bahadur Rajasabhabhushana Mr.K.P. Puttanna Chetty ... Chairman

~~Rajakaryapravina Mr.A.Rangaswami Iyengar~~

Mr. E.R.Subbroyer

Mr.Mandi Hariyanna

Mr.L.Srinivasiengar

~~Mr.D.Chinnaswami Setty~~ Mr. M. Chenjiah Chetty

Mr.S.Narayan Rao

Mr. Abdul Qudus

With ~~two~~ four more members to be added by selection by the above seven gentlemen.

105

two

7. The Capital of the Bank should be not less than 20 lakhs but operations may b

108

110

started when the paid up capital amounts to ~~Ten~~ five lakhs. As soon as the Bank is started the confirmation of the Directors or the appointment of new Directors and the management of the Bank will vest in the share-holders as is usual in such cases.

8. The Government have no objection to the contents of this order being widely circulated in the prospectus and otherwise and to the advertisement of the fact that the institution is under the patronage of and in receipt of aid from the Government of His Highness the Maharaja. But it should be made clear to all concerned that the entire liabilities as well as the entire profits of the concern will be the share holders' alone. A note to this effect should be printed in the prospectus and on the back of the share application forms both in English and Vernacular.

9. The Government will, if required, for at least a year at the commencement, make available to the management of the Bank, such expert advice and co-operation as may be necessary to ensure its smooth working and ~~foundation~~ development on sound business lines. ~~The Head Quarters of the Bank should be in Bangalore~~.

10. The Secretary to the Economic Conference will actively co-operate in do all that is necessary to bring help the Directors provisional into smoothly the Bank working. An Officer of the Accounts Department will also be associated to give advice in the initial stages of the organisation.

Financial Secretary to Govt

M.L.J 9.3.13

RG

106

To the Hon'ble Secretary to the Economic Conference
The Comptroller to Govt
The Settlement Commissioner & Director of Industries
The Secretary to the Board of Revenue

111

1912-13

GOVERNMENT OF HIS HIGHNESS
THE MAHARAJA OF MYSORE

FINANCIAL (BANKING)

PROCEEDINGS

Dated 12th March 1913

No. Fl. 5121-73
B. 9-12-2

Sanctions the formation of a State-aided Bank to be called the Bank of Mysore with its headquarters at Bangalore and grants certain concessions when it commences working.

101

GPB—22-4 13-1,000

110

Proceedings of the Government of His Highness the Maharaja of Mysore.

READ

Letter No. 33—E. C., dated the 17—18th July 1912, from the Provisional Secretary, Economic Conference, submitting for the orders of Government the resolution carried at the Birthday Session of the Conference of 1912 about the establishment of a State-aided Bank.

No. Fl. 5121-73—B. 9-12-2, DATED BANGALORE, 12TH MARCH 1913.

ORDER THEREON.—The subject of creating banking facilities for the development of trade and industries within the State by utilizing local capital as far as possible, has been engaging the attention of His Highness the Maharaja's Government for some time past. The question of starting a State-aided Bank in Mysore was urged on the attention of the Economic Conference in the Dasara Session of 1911 by the Committee for Industries and Commerce. It was discussed at the Conference and referred by that body to a Special Committee consisting of the Members of the Industries and Commerce Committee and three other gentlemen including the Comptroller to Government. The subject was exhaustively considered by the Special Committee and a workable scheme was framed and submitted to the Economic Conference at the June Session of 1912.

2. The Conference in resolving upon the desirability of establishing a State-aided Bank recommend the grant of the following concessions to the Bank by the Government:—

(1) The Government to maintain in the Bank, for a period of fifteen years, a minimum balance of half the paid-up capital without interest and deposit another sum of five lakhs at a reasonable rate of interest, if required by the Bank.

(2) The rate of interest to be paid for deposits, if any, in excess of this amount and other terms for business between Government and the Bank may be arranged for for three years at a time.

(3) Government to pay half the working expenses of the Bank for the first five years.

(4) As far as possible, the Bank to be permitted to do treasury work wherever it has branches open.

(5) Whenever the Government has to collect interest on its investments, the Bank of Mysore to be given preference.

(6) Government to provide treasury guards, without charge, within the Mysore State without involving any liability for loss by theft, negligence, etc.

(7) Government to provide guards, free of charge, in places where there is no railway.

(8) Municipal and District Fund balances to be lodged in the Bank.

(9) Government to appoint an auditor, free of charge, every year to audit the accounts and submit a report to Government.

3. After having given the subject full consideration, the Government of His Highness the Maharaja are of opinion that the formation of a State-aided Bank to be called The Bank of Mysore, on the lines suggested and with its headquarters at Bangalore is desirable.

4. The Government will be pleased to grant the following concessions to the Bank when started:—

(1) The Government to maintain in the Bank, for a period of ten years, a minimum balance of half the paid-up capital, without interest, not exceeding five lakhs and to deposit another equal amount at a reasonable rate of interest, that is, not less than 3 per cent per annum, if required by the Bank.

(ii) The Government to pay half the working expenses of the Bank for the first five years and this contribution is not to exceed Rs. 10,000 per annum unless the special sanction of the Government is obtained to increasing the working expenses to more than Rs. 20,000 per annum.

(iii) The Bank to be permitted to do at district headquarters and other places approved by Government, such treasury work as may be decided upon from time to time.

(iv) The Bank to be given preference, as far as possible, in the matter of deposit of securities to be hereafter purchased by Government.

(v) The Government to supply treasury guards within the State and free escort for remittances between places not connected by railway for a period of five years and thereafter on payment of a reasonable charge, the Government not being held responsible for losses by theft, negligence, etc.

5. The Bank, on the other hand, will be required to consent to the following conditions. The concessions mentioned in the foregoing paragraph will continue only so long as these conditions are satisfied.

(i) To employ or invest or otherwise utilise at least 50 per cent of the capital, deposits and other funds at the disposal of the Bank within the limits of the Mysore State including the Civil and Military Station.

(ii) To appoint a duly qualified banking expert with the approval of Government to manage its affairs.

(iii) To its accounts being audited once a year, or more frequently by a person appointed by Government and to furnish Government as promptly as possible with all information and explanations and to produce for inspection of such person all accounts, documents, securities and other property of the Bank, as Government may require.

(iv) To obtain the approval by Government of the appointment of the President of the Directors.

(v) To publish such accounts as the Government may desire in the *Mysore Gazette* for the information of the public.

(vi) Not to engage in or enter into operations connected with foreign exchange.

(vii) Not to lend money on the security of immovable property.

(viii) To give due consideration to any advice that may be tendered by Government concerning the management of the business and employment and investment of the funds of the Bank.

6. In order to issue the necessary prospectus calling for shares, collect the required capital and to take necessary steps to bring the Bank into existence and to put it into working order, the following gentlemen each of whom has expressed his willingness to take shares in the Bank to the extent of Rs. 5,000 at least will form a Provisional Directorate. The initial expenditure will be raised by the Provisional Directors amongst themselves and on the formation of the Bank they will be entitled to recoup themselves either in shares or in cash and receive such promotion money as may be agreed to by the shareholders and approved by Government.

Dewan Bahadur Rajasabhabhushana Mr. K. P. Puttanna Chetty, Chairman.

Mr. E. R. Subbroyer,

Mr. Mandi Hariyanna,

Mr. L. Srinivasiengar,

Mr. M. Chengiah Chetty,

Mr. S. Narayana Rao,

Mr. Abdul Quddus,

with two more members to be added by selection by the above seven gentlemen.

Financial (Banking), dated 12th March 1913.

The capital of the Bank should be not less than 20 lakhs but operations may be started when the paid-up capital amounts to five lakhs. As soon as the Bank is started the confirmation of the Directors or the appointment of new Directors and the management of the Bank will vest in the shareholders as is usual in such cases.

8. The Government have no objection to the contents of this order being widely circulated in the prospectus and otherwise and to the advertisement of the fact that the institution is under the patronage of and in receipt of aid from the Government of His Highness the Maharaja. But it should be made clear to all concerned that the entire liabilities as well as the entire profits of the concern will be the shareholders' alone. A note to this effect should be printed in the prospectus and on the back of the share application forms both in English and Vernacular.

9. The Government will, if required, for at least a year at the commencement, make available to the management of the Bank, such expert advice and co-operation as may be necessary to ensure its smooth working and development on sound business lines.

10. The Secretary of the Economic Conference will actively co-operate and do all that is necessary to help the Provisional Directors to bring the Bank into existence. An officer of the Account Department will also be associated to give advice in the initial stages of the organization.

J. S. CHAKRAVARTI,
Financial Secretary to Government.

To—The Provisional Secretary to the Mysore Econon
The Comptroller, Mysore Government.
Dewan Bahadur Rajasabhabhushana Mr. K. P. Puttanna Chetty.
Mr. Mandi Hariyanna.
Mr. E. R. Subbroyer.
Mr. L. Srinivasiengar.
Mr. M. Chengiah Chetty.
Mr. S. Narayana Rao.
Mr. Abdul Quddus.
The Deputy Commissioners of Districts.
The Heads of Departments.

Exd.—C. R.